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TITLE 7—AGRICULTURE

Chapter III—Agricultural Research Service, Department of Agriculture

[P. P. C. 612, Revised, Supp. 1]

PART 301—DOMESTIC QUARANTINE NOTICES

SUBPART—KHAPRA BEETLE

AMENDMENT OF ADMINISTRATIVE INSTRUCTIONS DESIGNATING PREMISES AS REGULATED AREAS UNDER REGULATIONS SUPPLEMENTAL TO KHAPRA BEETLE QUARANTINE

Pursuant to § 301.76–2 of the regulations supplemental to the Khapra Beetle Quarantine (7 CFR 301.76–2, 20 F. R. 1012) under sections 8 and 9 of the Plant Quarantine Act of 1912, as amended (7 U. S. C. 161, 162) administrative instructions issued as 7 CFR 301.76–2a (20 F. R. 4361) effective June 22, 1955, are hereby amended in the following respects:

a. The designation as regulated areas of the following warehouses, mills, and other premises, included in the list contained in such instructions, is hereby revoked, and the reference to such premises in the list is hereby deleted, it having been determined by the Chief of the Plant Pest Control Branch that adequate sanitation measures have been practiced for a sufficient length of time to eradicate the khapra beetle in and upon such premises:

ARIZONA

Arizona Flour Mills, 75 South Second Street, Glendale.

Farmers' Coop. Marketing Association, Roll.

Northrup-King Co., 404 South 23d Avenue, Phoenix.

Jesse P. Stump Farm Storage, Route 1, Tolleson.

CALIFORNIA

Northrup-King & Co., South U. S. Highway 99, Fresno.

Penny-Neuman Grain Co., Kern and G Streets, Fresno.

Sacramento Valley Milling Co. (3 miles north of Glenn), Ord Bend.

Sears, Roebuck & Co. warehouse, G Street, Fresno.

Robert E. Shank Ranch, Wiest Road and Maple Canal, Route 2, Box 150, Brawley.

b. The following premises are added to the list, contained in such instructions, of warehouses, mills, and other premises in which infestations of the khapra beetle have been determined to exist. Such premises are thereby designated as regulated areas within the meaning of said quarantine and regulations:

ARIZONA

Elloc Farm, Route 4, Box 162, Phoenix.

John H. Evans Farm Storage, Route 4, Box 330, located ¼ mile east of 75th Avenue on south side of Van Buren Street, Phoenix.

C. A. Johnson Farm, Route 1, Box 66, Somerton.

McElhaney Cattle Company, cattle feed lot, 44 North Central Avenue, located 1 mile south and 1½ miles east of Tempe, on east Broadway, Phoenix.

CALIFORNIA

Colusa Feed & Seed Company, 851 Seventh Street, Colusa.

C. E. Cook Ranch, ¼ mile south of intersection of County Roads 39 and West 1, Imperial.

L. R. Hamilton Ranch, Route 3, Box 568, Visalia.

Burt and Clinton James Store, southeast corner Johnson Dale Highway and Buena Vista Drive, Kernville.

Harold B. Ross Ranch, Route 1, Box 78, Holtville.

This amendment shall be effective July 13, 1955.

This amendment revokes the designation as regulated areas of a number of warehouses, mills, and other premises, it having been determined by the Chief of the Plant Pest Control Branch that adequate sanitation measures have been practiced for a sufficient length of time to eradicate the khapra beetle in and upon such premises. It also adds additional premises to the list of warehouses, mills, and other premises in which khapra beetle infestations have been determined to exist, and designates such premises as regulated areas under the khapra beetle quarantine and regulations.

This amendment in part imposes restrictions supplementing khapra beetle quarantine regulations already effective. It also relieves restrictions insofar as it revokes the designation of presently regulated areas. It must be made effective promptly in order to carry out the purposes of the regulations and to permit unrestricted movement of regulated products from the premises being removed from designation as a regulated area. Accordingly, under section 4 of the Administrative Procedure Act (5 U. S. C. 1003), it is found upon good cause that notice and other public pro-

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FEDERAL REGISTER

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CODIFICATION GUIDE

A numerical list of the parts of the Code of Federal Regulations affected by documents published in this issue. Proposed rules, as opposed to final actions, are identified as such.

CODIFICATION GUIDE—Con.

cedure with respect to the foregoing amendment are impracticable and contrary to the public interest, and good cause is found for making the effective date thereof less than 30 days after publication in the FEDERAL REGISTER.

(Sec. 8, 37 Stat. 318, as amended; 7 U. S. C. 161)

Done at Washington, D. C., this 8th day of July 1955.

[SEAL] W L. POPHAM,
Chief, Plant Pest Control Branch.

[F. R. Doc. 55-5623; Filed, July 12, 1955; 8:50 a. m.]

Chapter IX—Agricultural Marketing Service (Marketing Agreements and Orders), Department of Agriculture

PART 969—AVOCADOS GROWN IN SOUTH FLORIDA

EXPENSES AND RATE OF ASSESSMENT FOR THE 1955–56 FISCAL YEAR

Notice was published in the June 21, 1955, daily issue of the FEDERAL REGISTER (20 F R. 4328) that consideration was being given to proposals regarding the expenses and the fixing of the rate of assessment for the fiscal year (April 1, 1955, through March 31, 1956) under the

marketing agreement, as amended, and Order No. 69, as amended (7 CFR Part 969; 19 F. R. 3439; 20 F. R. 4177) regulating the handling of avocados grown in South Florida, effective under the applicable provisions of the Agricultural Marketing Agreement Act of 1937, as amended (7 U. S. C. 601 et seq., 68 Stat. 906, 1047)

After consideration of all relevant matters presented, including the proposals set forth in the aforesaid notice which were submitted by the Avocado Administrative Committee (established pursuant to the said amended marketing agreement and order) it is hereby found and determined that:

§ 969.202 *Expenses and rate of assessment for the 1955–56 fiscal year*—(a) *Expenses.* The expenses that are reasonable and likely to be incurred by the Avocado Administrative Committee, established pursuant to the provisions of the aforesaid amended marketing agreement and order, for the maintenance and functioning of such committee, in accordance with the provisions thereof, during the said fiscal year beginning April 1, 1955, and ending March 31, 1956, will amount to $16,070.00.

(b) *Rate of assessment.* The rate of assessment which each handler who first handles avocados shall pay as his pro rata share of the aforesaid expenses in accordance with the applicable provisions of said amended marketing agreement and order is hereby fixed at four cents ($0.04) per bushel, or equivalent quantity of avocados handled by such handler during the 1955–56 fiscal year.

It is hereby further found that it is impracticable and contrary to the public interest to postpone the effective time hereof until 30 days after publication in the FEDERAL REGISTER (60 Stat. 237; 5 U. S. C. 1001 et seq.) in that (1) the rate of assessment in accordance with the provisions of the amended marketing agreement and order is applicable to all avocados handled during the aforesaid fiscal year; (2) such handling is now in progress and is subject to the regulatory provisions of Avocado Order 6 (§ 969.306; 20 F. R. 3427), Avocado Order 7 (§ 969.307; 20 F. R. 3787) and Avocado Order 8 (§ 969.308; 20 F R. 4177) and it is essential that the specification of the assessment rate be issued immediately so that the aforesaid assessments may be collected and thereby enable said Administrative Committee to perform its duties and functions in accordance with said amended marketing agreement and order.

Terms used in the amended marketing agreement and order shall, when used herein, have the same meaning as is given to the respective term in said amended marketing agreement and order.

(Sec. 5, 49 Stat. 753, as amended; 7 U. S. C. 608c)

Dated: July 8, 1955.

[SEAL] ROY W. LENNARTSON,
Deputy Administrator

[F. R. Doc. 55-5621; Filed, July 12, 1955; 8:49 a. m.]

TITLE 9—ANIMALS AND ANIMAL PRODUCTS

Chapter I—Agricultural Research Service, Department of Agriculture

PART 131—HANDLING OF ANTI-HOG-CHOLERA SERUM AND HOG-CHOLERA VIRUS

DETERMINATION RELATIVE TO BUDGET OF EXPENSES AND FIXING RATES OF ASSESSMENT FOR 1955

On June 14, 1955, a notice of proposed rule making was published in the FEDERAL REGISTER (20 F. R. 4162) regarding the budget of expenses and the fixing of the rates of assessment for the calendar year 1955 under the marketing agreement and the marketing order (9 CFR 131.1 et seq.), regulating the handling of anti-hog-cholera serum and hog-cholera virus. This regulatory program is effective pursuant to Public Law No. 320, 74th Congress, approved August 24, 1935 (7 U. S. C. 851 et seq.)

The notice provided a period of 10 days for interested parties to file data, views or arguments with the Hearing Clerk. After consideration of all relevant matters, including the proposals set forth in the aforesaid notice, it is hereby found and determined that:

a. Section 131.155 is added to read as follows:

§ 131.155 *Budget of expenses and rate of assessment for the calendar year 1955.* (a) (1) The expenses which will necessarily be incurred by the Control Agency, established pursuant to the provisions of the marketing agreement and of the marketing order, for the maintenance and functioning of said Agency during the calendar year 1955, will amount to $31,965.00 under the recommendation of the Control Agency, from which shall be deducted the unexpended balance of $2,098.65 on hand with said Control Agency on January 1, 1955, from assessments collected during the calendar year 1954, leaving a balance of $29,866.35 to be collected during the calendar year 1955, and (2) of the amount of $29,866.35 to be collected during the calendar year 1955, the sum of $23,773.61 shall be assessed against handlers who are manufacturers, and $6,092.74 shall be assessed against handlers who are wholesalers. The pro rata share of the expenses of the Control Agency to be paid for the calendar year 1955 by each handler who is a manufacturer shall be $12.71 for each ten thousand dollars or fraction thereof of serum and virus sold by such handler during the calendar year 1954 and the pro rata share of such expenses to be paid for the calendar year 1955 by each handler who is a wholesaler shall be $25.00 for the first ten thousand dollars or fraction thereof and $2.81 for each additional ten thousand dollars or fraction thereof of serum and virus sold by such handler during the calendar year 1954. Such assessments shall be paid by each respective handler in accordance with the applicable provisions of the marketing agreement and order.

(b) *Terms.* As used in this section, the terms "handler" "manufacturer" "wholesaler" "serum" and "virus" shall have the same meaning as is given to each such term in said marketing agreement and marketing order.

b. Section 131.101 is redesignated § 131.154.

Findings relative to effective date. It is hereby further found that (1) the fiscal year of the Control Agency established pursuant to the provisions of the marketing agreement and the marketing order corresponds to the calendar year, and the current calendar year 1955 is already well advanced; (2) the expenses of operating this regulatory program since January 1, 1955, have been paid with funds representing assessments collected in excess of expenses incurred during the calendar year 1954 and prepayments of a portion of their 1955 assessments by manufacturer and wholesaler handlers; (3) all such funds have already been expended; (4) in order for the administrative assessments to be collected, it is essential that the specification of the assessment rates be effective immediately so as to enable the Control Agency to perform its respective duties and functions under the aforesaid marketing agreement and marketing order; and (5) no preparation with respect to this determination is required of persons regulated which cannot be completed prior to the effective date hereof.

Wherefore, it is hereby determined that good cause exists for making this determination effective upon its publication in the FEDERAL REGISTER.

(Sec. 60, 49 Stat. 782; 7 U. S. C. 855)

Done at Washington, D. C., this 7th day of July 1955, to become effective upon publication in the FEDERAL REGISTER.

[SEAL] M. R. CLARKSON,
Acting Administrator
Agricultural Research Service.

[F. R. Doc. 55-5624; Filed, July 12, 1955; 8:50 a. m.]

TITLE 14—CIVIL AVIATION

Chapter II—Civil Aeronautics Administration, Department of Commerce

[Amdt. 122]

PART 608—RESTRICTED AREAS

ALTERATIONS

The restricted area appearing hereinafter have been coordinated with the civil operators involved, the Army, the Navy and Air Force, through the Air Coordinating Committee, Airspace Panel, and are adopted to become effective when indicated in order to promote safety of the flying public. Since a military function of the United States is involved, compliance with the notice, procedure, and effective date provisions of section 4 of the Administrative Procedure Act is not required.

Part 608 is amended as follows:

1. In § 608.30, a Upper Lake Huron, Oscoda, Michigan, area No. 2, (R-491) is added to read:

Name and location (chart)	Description by geographical coordinates	Designated altitudes	Time of designation	Controlling agency
UPPER LAKE HURON No. 2 (R-491) (Lake Huron).	From latitude 45°20'00", longitude 83°06'00" to latitude 45°20'00", longitude 82°37'00" to latitude 45°16'30", longitude 82°31'00" to latitude 44°07'00", longitude 82°14'00" to latitude 44°07'00" longitude 83°20'00" to point of beginning, excluding Restricted Area R-91.	Unlimited	Daylight hours from December 1 through March 31.	Wurtsmith AFB, Oscoda, Mich.

2. In § 608.51, a Foster AFB, Victoria, Texas, area (R-492) is added to read:

Name and location (Chart)	Description by geographical coordinates	Designated altitudes	Time of designation	Controlling agency
FOSTER AFB (R-492) (San Antonio).	North boundary latitude 29°01' 00". South boundary latitude 28°55'00". East boundary longitude 97°01'00". West boundary longitude 97°07'00" excluding that portion overlapping Foster AFB Control Zone.	Surface to 40,000 feet.	Daylight hours, visual Flight Rule Conditions only.	Foster AFB Victoria, Tex.

(Sec. 205, 52 Stat. 984, as amended; 49 U. S. C. 425. Interpret or apply sec. 601, 52 Stat. 1007, as amended; 49 U. S. C. 551)

This amendment shall become effective on July 21, 1955.

[SEAL] F B. LEE,
Administrator of Civil Aeronautics.

[F R. Doc. 55-5601; Filed, July 12, 1955; 8:45 a. m.]

TITLE 26—INTERNAL REVENUE, 1954

Chapter I—Internal Revenue Service, Department of the Treasury

Subchapter A—Income Tax

[T. D. 6137]

PART 1—INCOME TAX: TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 1953

REGULATIONS UNDER SECTIONS 73 TO 77 OF INTERNAL REVENUE CODE OF 1954

On December 31, 1954, notice of proposed rule making with respect to sections 73 to 77, inclusive, of the Internal Revenue Code of 1954 was published in the FEDERAL REGISTER (19 F R. 9401) After consideration of such relevant suggestions as were presented by interested parties regarding the proposed rules, the following regulations are hereby adopted. These regulations are effective for taxable years beginning after December 31, 1953, and ending after August 16, 1954, the date of enactment of the Internal Revenue Code of 1954.

§ 1.73 *Statutory provisions; services of child.*

SEC. 73. *Services of child*—(a) *Treatment of amounts received.* Amounts received in respect of the services of a child shall be included in his gross income and not in the gross income of the parent, even though such amounts are not received by the child.

(b) *Treatment of expenditures.* All expenditures by the parent or the child attributable to amounts which are includible in the gross income of the child (and not of the parent) solely by reason of subsection (a) shall be treated as paid or incurred by the child.

(c) *Parent defined.* For purposes of this section, the term "parent" includes an individual who is entitled to the services of a child by reason of having parental rights and duties in respect of the child.

(d) *Cross reference.* For assessment of tax against parent in certain cases, see section 6201 (c).

§ 1.73-1 *Services of child.* (a) Compensation for personal services of a child shall, regardless of the provisions of State law relating to who is entitled to the earnings of the child, and regardless of whether the income is in fact received by the child, be deemed to be the gross income of the child and not the gross income of the parent of the child. Such compensation, therefore, shall be included in the gross income of the child and shall be reflected in the return rendered by or for such child. The income of a minor child is not required to be included in the gross income of the parent for income tax purposes. For requirements for making the return by such child, or for such child by his guardian, or other person charged with the care of his person or property, see section 6012.

(b) In the determination of taxable income or adjusted gross income, as the case may be, all expenditures made by the parent or the child attributable to amounts which are includible in the gross income of the child and not of the parent solely by reason of section 73 are deemed to have been paid or incurred by the child. In such determination, the child is entitled to take deductions not only for expenditures made on his behalf by his parent which would be commonly considered as business expenses, but also for other expenditures such as charitable contributions made by the parent in the name of the child and out of the child's earnings.

(c) For purposes of section 73, the term "parent" includes any individual who is entitled to the services of the child by reason of having parental rights and duties in respect of the child. See section 6201 (c) and the regulations thereunder for assessment of tax against the parent in certain cases.

§ 1.74 *Statutory provisions; prizes and awards.*

SEC. 74. *Prizes and awards*—(a) *General rule.* Except as provided in subsection (b) and in section 117 (relating to scholarships and fellowship grants), gross income includes amounts received as prizes and awards.

(b) *Exception.* Gross income does not include amounts received as prizes and awards made primarily in recognition of religious, charitable, scientific, educational, artistic, literary, or civic achievement, but only if—

(1) The recipient was selected without any action on his part to enter the contest or proceeding; and

(2) The recipient is not required to render substantial future services as a condition to receiving the prize or award.

§ 1.74-1 *Prizes and awards*—(a) *Inclusion in gross income.* (1) Section 74 (a) requires the inclusion in gross income of all amounts received as prizes and awards, unless such prizes or awards qualify as an exclusion from gross income under subsection (b), or unless such prize or award is a scholarship or fellowship grant excluded from gross income by section 117. Prizes and awards which are includible in gross income include (but are not limited to) amounts received from radio and television giveaway shows, door prizes, and awards in contests of all types, as well as any prizes and awards from an employer to an employee in recognition of some achievement in connection with his employment.

(2) If the prize or award is not made in money but is made in goods or services, the fair market value of the goods or services is the amount to be included in income.

(b) *Exclusion from gross income.* Section 74 (b) provides an exclusion from gross income of any amount received as a prize or award, if (1) such prize or award was made primarily in recognition of past achievements of the recipient in religious, charitable, scientific, educational, artistic, literary, or civic fields; (2) the recipient was selected without any action on his part to enter the contest or proceedings; and (3) the recipient is not required to render substantial future services as a condition to receiving the prize or award. Thus, such awards as the Nobel prize and the Pulitzer prize would qualify for the exclusion. Section 74 (b) does not exclude prizes or awards from an employer to an employee in recognition of some achievement in connection with his employment.

(c) *Scholarships and fellowship grants.* See section 117 and the regulations thereunder for provisions relating to scholarships and fellowship grants.

§ 1.75 *Statutory provisions; dealers in tax-exempt securities.*

SEC. 75. *Dealers in tax-exempt securities*—(a) *Adjustment for bond premium.* In computing the gross income of a taxpayer who holds during the taxable year a short-term municipal bond (as defined in subsection (b) (1)) primarily for sale to customers in the ordinary course of his trade or business—

(1) if the gross income of the taxpayer from such trade or business is computed by the use of inventories and his inventories are valued on any basis other than cost, the cost of securities sold (as defined in subsection (b) (2)) during such year shall be reduced by an amount equal to the amortizable bond premium which would be dis-

allowed as a deduction for such year by section 171 (a) (2) (relating to deduction for amortizable bond premium) if the definition in section 171 (d) of the term "bond" did not exclude such short-term municipal bond; or

(2) if the gross income of the taxpayer from such trade or business is computed without the use of inventories, or by use of inventories valued at cost, and the short-term municipal bond is sold or otherwise disposed of during such year, the adjusted basis (computed without regard to this paragraph) of the short-term municipal bond shall be reduced by the amount of the adjustment which would be required under section 1016 (a) (5) (relating to adjustment to basis for amortizable bond premium) if the definition in section 171 (d) of the term "bond" did not exclude such short-term municipal bond.

(b) *Definitions.* For purposes of subsection (a)—

(1) The term "short-term municipal bond" means any obligation issued by a government or political subdivision thereof if the interest on such obligation is excludable from gross income; but such term does not include such an obligation if—

(A) It is sold or otherwise disposed of by the taxpayer within 30 days after the date of its acquisition by him, or

(B) Its earliest maturity or call date is a date more than 5 years from the date on which it was acquired by the taxpayer.

(2) The term "cost of securities sold" means the amount ascertained by subtracting the inventory value of the closing inventory of a taxable year from the sum—

(A) The inventory value of the opening inventory for such year, and

(B) The cost of securities and other property purchased during such year which would properly be included in the inventory of the taxpayer if on hand at the close of the taxable year.

§ 1.75–1 *Treatment of bond premiums in case of dealers in tax-exempt securities*—(a) *In general.* (1) Section 75 requires certain adjustments to be made by dealers in securities with respect to premiums paid on short-term municipal bonds which are held for sale to customers in the ordinary course of the trade or business. The adjustments depend upon the method of accounting used by the taxpayer in computing the gross income from the trade or business. See paragraphs (b) and (c) of this section.

(2) The term "short-term municipal bond" under section 75 means any obligation issued by a government or political subdivision thereof if the interest on the obligation is excludable from gross income under section 103. Such term, however, does not include an obligation the maturity or earliest call date of which is a date more than five years from the date of acquisition by the taxpayer, or an obligation sold or otherwise disposed of by the taxpayer within 30 days after the date of acquisition by him. A bond which is otherwise within the definition of "short-term municipal bond" is subject to the provisions of section 75 if held by the taxpayer for a period of more than 30 days, whether or not such period is entirely within one taxable year.

(3) The term "cost of securities sold" means the amount ascertained by subtracting the inventory value of the closing inventory of a taxable year from the sum of the inventory value of the opening inventory for such year and the cost of securities and other property purchased during such year which would properly be included in the inventory of the taxpayer if on hand at the close of the taxable year.

(b) *Inventories not valued at cost.* (1) In the case of a dealer in securities who computes gross income from his trade or business by the use of inventories and values such inventories on any basis other than cost, the adjustment required by section 75 is the reduction of "cost of securities sold" by the amount equal to the amortizable bond premium which would be disallowed as a deduction under section 171 (a) (2) with respect to the short-term municipal bond if the dealer were an ordinary investor holding such bond. Such amortizable bond premium is computed under section 171 (b) by reference to the cost or other original basis of the bond on the date of acquisition (determined without regard to section 1013, relating to inventory value on a subsequent date)

(2) Subparagraph (1) of this paragraph may be illustrated by the following example:

Example. X, a dealer in securities who values his inventories on a basis other than cost, makes his income tax returns on the calendar year basis. On July 1, 1954, he bought, for $1,060 each, three short-term municipal bonds (A, B, and C) having a face obligation of $1,000, and maturing on July 1, 1959. Bond A is sold on December 31, 1954, bond B is sold on December 31, 1955, and bond C is sold on June 30, 1956. For each bond the amortizable bond premium to maturity is $60, the period from date of acquisition to maturity is 60 months, and the amortizable bond premium per month is $1. The adjustment for each of the years 1954, 1955, and 1956 is as follows:

Bond	Date acquired	Date sold	Adjustment to "cost of securities sold" for—		
			1954	1955	1956
A	July 1, 1954	Dec. 31, 1954	$18	------	------
B	July 1, 1954	Dec. 31, 1955	6	$12	------
C	July 1, 1954	June 30, 1956	6	12	$6
		Total..	18	24	6

(c) *Inventories not used or inventories valued at cost.* (1) In the case of a dealer in securities who computes gross income from his trade or business without the use of inventories or by use of inventories valued at cost, the adjustment required by section 75 is a reduction of the adjusted basis of each short-term municipal bond sold or otherwise disposed of during the taxable year. The amount of such reduction is the amount by which the adjusted basis of such bond would be required to be reduced under section 1016 (a) (5) were such bond subject to the amortizable bond premium provisions of section 171, that is, the amount of the amortizable bond premium which would be disallowed as a deduction under section 171 (a) (2) if the taxpayer were an ordinary investor.

(2) Subparagraph (1) of this paragraph may be illustrated by the following example:

Example. Y, a dealer in securities who values his inventories on the basis of cost, makes his income tax returns on the calendar year basis. On January 1, 1954, he buys, for $1,060 each, three short-term municipal bonds (D, E, and F) having a face obligation of $1,000, and maturing on January 1, 1959. Bond D is sold on December 31, 1954, bond E is sold on June 30, 1955, and bond F is sold on December 31, 1956. For each bond, the amortizable bond premium to maturity is $60, the period from the date of acquisition to maturity is 60 months, and the amortizable bond premium per month is $1.

Bond	Date acquired	Date sold	Adjustment for—		
			1954	1955	1956
D	Jan. 1, 1954	Dec. 31, 1954	$12	------	------
E	Jan. 1, 1954	June 30, 1955	None	$18	------
F	Jan. 1, 1954	Dec. 31, 1956	None	None	$36

(d) *Bonds acquired before July 1, 1950.* Under section 203 (c) of the Revenue Act of 1950, adjustment is required for a short-term municipal bond acquired before July 1, 1950, only with respect to taxable years beginning on or after that date. Accordingly, if the short-term municipal bond was acquired before July 1, 1950, then for purposes of section 75 the amortizable bond premium under section 171 must be computed after adjusting the bond premium to the extent proper to reflect unamortized bond premium for so much of the holding period (as determined under section 1223) as precedes the first taxable year of the dealer beginning on or after July 1, 1950. Thus, in the examples in paragraphs (b) and (c) of this section, the first taxable year beginning on or after July 1, 1950, is, for each dealer, the taxable year beginning January 1, 1951. If each dealer had purchased for $1,060 on April 1, 1950, a short-term municipal bond having a face obligation of $1,000 and maturing April 1, 1955, and had sold such bond on February 28, 1955, the adjustment under section 75 would be computed as follows:

	Dealer X	Dealer Y
Bond premium	$60	$60
Adjustment for holding period prior to Jan. 1, 1951	9	9
Amortizable bond premium to maturity, as adjusted	51	51
Amortizable bond premium per month	1	1
Total adjustments under section 22 (c), 1939 Code, for years 1951–53	36	None
Adjustment under section 75 for 1954	12	None
Adjustment under section 75 for 1955	2	50

§ 1.76 *Statutory provisions; mortgages made or obligations issued by joint-stock land banks.*

SEC. 76. *Mortgages made or obligations issued by joint-stock land banks.* All income (except interest) derived from mortgages made, or obligations issued, after May 28, 1938, by a joint-stock land bank shall (notwithstanding section 26 of the Federal Farm Loan Act; 12 U. S. C. 931–3) be included in gross income.

§ 1.77 *Statutory provisions; commodity credit loans.*

SEC. 77. *Commodity credit loans*—(a) *Election to include loans in income.*

Amounts received as loans from the Commodity Credit Corporation shall, at the election of the taxpayer, be considered as income and shall be included in gross income for the taxable year in which received.

(b) *Effect of election on adjustments for subsequent years.* If a taxpayer exercises the election provided for in subsection (a) for any taxable year, then the method of computing income so adopted shall be adhered to with respect to all subsequent taxable years unless with the approval of the Secretary or his delegate a change to a different method is authorized.

§ 1.77–1 *Election to consider Commodity Credit Corporation loans as income.* A taxpayer who receives a loan from the Commodity Credit Corporation may, at his election, include the amount of such loan in his gross income for the taxable year in which the loan is received. If a taxpayer makes such an election (or has made such an election under section 123 of the Internal Revenue Code of 1939 or under section 223 (d) of the Revenue Act of 1939) then for subsequent taxable years he shall include in his gross income all amounts received during those years as loans from the Commodity Credit Corporation, unless he secures the permission of the Commissioner to change to a different method of accounting. Application for permission to change such method of accounting and the basis upon which the return is made shall be filed with the Commission of Internal Revenue, Washington 25, D. C., within 90 days after the beginning of the taxable year to be covered by the return.

§ 1.77–2 *Effect of election to consider commodity credit loans as income.* (a) If a taxpayer elects or has elected under section 77, section 123 of the Internal Revenue Code of 1939, or section 223 (d) of the Revenue Act of 1939, as amended, to include in his gross income the amount of a loan from the Commodity Credit Corporation for the taxable year in which it is received, then—

(1) No part of the amount realized by the Commodity Credit Corporation upon the sale or other disposition of the commodity pledged for such loan shall be recognized as income to the taxpayer, unless the taxpayer receives an amount in addition to that advanced to him as the loan, in which event such additional amount shall be included in the gross income of the taxpayer for the taxable year in which it is received, and

(2) No deductible loss to the taxpayer shall be recognized on account of any deficiency realized by the Commodity Credit Corporation on such loan if the taxpayer was relieved from liability for such deficiency.

(b) The application of paragraph (a) of this section may be illustrated by the following example:

Example. A, a taxpayer who elected for his taxable year 1952 to include in gross income amounts received as loans from the Commodity Credit Corporation, received as loans $500 in 1952, $700 in 1953, and $900 in 1954. In 1956 all the pledged commodity was sold by the Commodity Credit Corporation for an amount $100 and $200 less than the loans with respect to the commodity pledged in 1952 and 1953, respectively, and for an amount $150 greater than the loan with respect to the commodity pledged in 1954. A, in making his return for 1956, shall include in gross income the sum of $150 if it is received during that year, but will not be allowed a deduction for the deficiencies of $100 and $200 unless he is required to satisfy such deficiencies and does satisfy them during that year.

(Sec. 7805, 68A Stat. 917; 26 U. S. C. 7805)

[SEAL] T. COLEMAN ANDREWS,
Commissioner of Internal Revenue.

Approved: July 6, 1955.

W RANDOLPH BURGESS,
Acting Secretary of the Treasury.

[F. R. Doc. 55-5616; Filed, July 12, 1955; 8:48 a. m.]

TITLE 16—COMMERCIAL PRACTICES

Chapter I—Federal Trade Commission

[File No. 21-98]

PART 34—REINFORCING STEEL FABRICATING AND DISTRIBUTING INDUSTRY

RESCISSION OF PART

Whereas, on August 19, 1931, the Commission promulgated trade practice rules for the Reinforcing Steel Fabricating and Distributing Industry, which were codified in the Code of Federal Regulations (16 CFR Part 34) and

Whereas, it appears that said rules for this industry do not in some respects accurately reflect existing requirements of law, and members of this industry generally are not interested in having such rules revised; and

Whereas, under the circumstances proceedings for revision of the rules for this industry do not appear to be warranted;

It is ordered, That the said rules be and the same are hereby rescinded.

(Sec. 6, 38 Stat. 722; 15 U. S. C. 46)

Issued: July 8, 1955.

By the Commission.

[SEAL] JOHN R. HEIM,
Acting Secretary.

[F. R. Doc. 55-5620; Filed, July 12, 1955; 8:49 a. m.]

TITLE 32—NATIONAL DEFENSE

Chapter V—Department of the Army

Subchapter B—Claims and Accounts

PART 536—CLAIMS AGAINST THE UNITED STATES

COMBAT DUTY PAY; REVOCATION

Section 536.60 *Claims for combat duty pay under Title VII, Public Law 488, 82d Congress, by former members now separated, retired, or deceased* is hereby revoked.

[Cir. 310-20, 23 May 55, revoking AR 35-1270] (R. S. 161; 5 U. S. C. 22)

[SEAL] JOHN A. KLEIN,
Major General, U. S. Army,
The Adjutant General.

[F. R. Doc. 55-5599; Filed, July 12, 1955; 8:45 a. m.]

TITLE 33—NAVIGATION AND NAVIGABLE WATERS

Chapter II—Corps of Engineers, Department of the Army

PART 202—ANCHORAGE REGULATIONS

SAN FRANCISCO BAY; CORRECTION

In F R. Document 55-4531, appearing at 20 F R. 3955, June 8, 1955, the opening portion of paragraph (b) (2) of § 202.224 is corrected to read as follows:

§ 202.224 *San Francisco Bay.* * * *

(b) *San Pablo Bay.* * * *

(2) *Anchorage 19 (General).* Bounded by the northeasterly shore of San Pablo Bay and the following lines: * * *

(Sec. 7, 38 Stat. 1053; 33 U. S. C. 471)

[SEAL] JOHN A. KLEIN,
Major General, U S. Army,
The Adjutant General.

[F. R. Doc. 55-5600; Filed, July 12, 1955; 8:45 a. m.]

TITLE 43—PUBLIC LANDS: INTERIOR

Chapter I—Bureau of Land Management, Department of the Interior

Appendix C—Public Land Orders

[Public Land Order 1177]

ALASKA

WITHDRAWING PUBLIC LANDS FOR SCHOOL PURPOSES; PARTIALLY REVOKING EXECUTIVE ORDER OF JAUNARY 7, 1903, EXECUTIVE ORDER NO. 5095 OF APRIL 15, 1929 AND DEPARTMENTAL ORDER OF JANUARY 24, 1938

By virtue of the authority vested in the President by Section 1 of the act of June 25, 1910, c. 421 (36 Stat. 847; 43 U. S. C. 141) and otherwise, and pursuant to Executive Order No. 10355 of May 26, 1952, and the act of May 31, 1938 (52 Stat. 593; 48 U. S. C. 353a), it is ordered as follows:

Subject to valid existing rights, the following - described public lands in Alaska are hereby withdrawan from all forms of appropriation under the public-land laws, including the mining and the mineral-leasing laws, and reserved under the jurisdiction of the Bureau of Indian Affairs, Department of the Interior, for school purposes:

SAVOONGA [60540]

Beginning at a point on the beach of Bearing Sea on the north side of St. Lawrence Island in approximate latitude 63°42'' N., longitude 170°26' W., from which the northeast corner of the school building bears south, 100 feet and west, 230 feet, thence Southeasterly, 460 feet to a point on the east side of a creek; Northwesterly, 765 feet to a point on the boardwalk; North, 230 feet to a large boulder on the beach of Bering Sea; Easterly, 780 feet along the beach to the point of beginning.

The tract described contains approximately 6 acres.

MEKORYUK [63037]

Beginning at a point from which the northeast corner of the Alaska Native Service school building bears South, 85 feet, in approximate latitude 60°23' N., longitude 166°12' W., thence east, 31 feet 9 inches; south, 450 feet; west, 550 feet; north, 450 feet; east, 518 feet 3 inches to point of beginning.

The tract described contains 5.6 acres.

The Executive order of January 7, 1903, reserving Saint Lawrence Island for a reindeer station, Executive Order No. 5095 of April 15, 1929, establishing a wildlife refuge on Nunivak Island, and the Departmental order of January 24, 1938, temporarily reserving lands for school purposes, are hereby revoked so far as they affect the above-described lands.

ORME LEWIS,
Assistant Secretary of the Interior

JUNE 28, 1955.

[F. R. Doc. 55-5602; Filed, July 12, 1955; 8:45 a. m.]

TITLE 36—PARKS, FORESTS, AND MEMORIALS

Chapter I—National Park Service, Department of the Interior

PART 21—HOT SPRINGS NATIONAL PARK BATHHOUSE REGULATIONS

USE AND WASTE OF WATER

Section 21.2 *Use and waste of water* is amended to read as follows:

§ 21.2 *Use and waste of water* (a) The use of hot mineral waters of Hot Springs National Park for other than bathing or other therapeutic purposes is prohibited.

(b) The wasting of the hot mineral waters of Hot Springs National Park is prohibited.

(c) The heating, reheating, or otherwise increasing the temperature of the hot mineral waters of Hot Springs National Park is prohibited.

(d) The introduction of any substance, chemical, or other material or solution into the hot mineral waters of Hot Springs National Park, except as may be directed by a registered physician, is prohibited.

(Sec. 3, 39 Stat. 535, as amended; 16 U. S. C. 3)

Issued this 7th day of July 1955.

DOUGLAS MCKAY,
Secretary of the Interior

[F. R. Doc. 55-5604; Filed, July 12, 1955; 8:46 a. m.]

TITLE 49—TRANSPORTATION

Chapter I—Interstate Commerce Commission

[S. O. 904]

PART 95—CAR SERVICE

RAILROAD OPERATING REGULATIONS FOR FREIGHT CAR MOVEMENT

At a session of the Interstate Commerce Commission, Division 3, held at its office in Washington, D. C., on the 7th day of July A. D. 1955.

It appearing, that an acute shortage of freight cars exists in all sections of the country that cars loaded and empty are unduly delayed in terminals and in placement at, or removal from industries; that present rules, regulations, and practices with respect to the use, supply, control, movement, distribution, exchange, interchange, and return of freight cars are insufficient to promote the most efficient utilization of cars; it is the opinion of the Commission that an emergency exists requiring immediate action to promote car service in the interest of the public and the commerce of the people: It is ordered, that:

§ 95.904 *Railroad operating regulations for freight car movement.* (a) Each common carrier by railroad subject to the Interstate Commerce Act shall observe, enforce and obey the following rules, regulations and practices with respect to its car service:

(1) *Placing loaded cars at final destination for unloading.* Loaded cars, which after placement will be governed by demurrage tariff rules applicable to detention of cars awaiting unloading, shall be placed on carrier's or consignee's unloading tracks within twenty-four hours after the first 7:00 a. m., following arrival at the destination station or serving yard.

(2) *Placing loaded cars held for terminal services.* Loaded cars held at billed destination for accessorial terminal services described in the applicable demurrage tariff, such as holding for orders or inspection, shall be placed on carrier's or consignee's unloading tracks, or inspection tracks, within twenty-four hours after disposition orders to place cars for unloading or inspection are actually received by the railroad. Carrier records shall show date and time such orders to place cars for unloading or inspection are received.

(3) *Constructive placement of loaded cars.* When delivery of a car for unloading cannot be made because of any condition attributable to the consignee, written notice that car is held and that the railroad is unable to deliver shall be sent or given consignees within twenty-four hours after arrival of car at hold point.

(4) *Removal of cars after unloading.* Where switching service is performed more than four days a week, empty cars shall be removed from point of unloading or interchange tracks of industrial plants within twenty-four hours after the first 7:00 a. m. following unloading or release by consignee, unless such cars are ordered or appropriated by the shipper for reloading within such twenty-four hour period.

(5) *Transporting loaded cars.* Where switching service is performed more than four days a week, all outbound loaded freight cars shall be pulled from loading place or interchange tracks of industrial plants within twenty-four hours after the first 7:00 a. m. following acceptance by the carrier of the shipping order. Such cars shall be forwarded in line haul service within twenty-four hours after the first 7:00 a. m. following their receipt in outbound makeup or classification yards.

(6) *Restriction on holding cars for prospective loading.* Except cars assembled for peak or seasonal movements and special types of cars for specific types of loading, no more cars shall be held for prospective loading at any time, for any industry, than those needed to protect current outbound loading.

(7) *Repair tracks.* Any cars taken out of service for repairs, or carded for repairs, shall be repaired at the earliest time consistent with efficient railroad operating practices.

(8) *Car distribution orders.* Observe, obey and comply with freight car distribution orders now outstanding, or hereafter issued by the Car Service Division, Association of American Railroads, not inconsistent with any order of the Commission. Arthur H. Gass, Chairman of the Car Service Division, is directed to inform the Director of the Bureau of Safety and Service of such outstanding orders or similar orders which may be subsequently issued and, upon request, to advise the Director of the Bureau of Safety and Service of railroad performance and compliance with such orders.

C. W. Taylor, Director, Bureau of Safety and Service of the Interstate Commerce Commission, is hereby appointed Agent of the Commission with authority to issue such orders as he may find necessary with respect to the location, relocation and distribution of freight cars as between sections of the country, or carriers by railroads or on such carriers, throughout the United States.

(9) *Yard checks, supervision and records.* The necessary yard and track checks shall be made and sufficient supervision and records shall be maintained to enable carriers to comply with subparagraphs (1) to (8) of this paragraph.

(b) *Application.* (1) The provisions of this section shall apply to intrastate and interstate commerce.

(2) The provisions of this section shall not apply to freight cars containing property held at or short of ports awaiting transfer of the property from the cars to off-shore vessels for movement beyond by water, nor to empty cars held at ports for transfer of property from such vessels to such cars.

(3) When computing the periods of time provided in this section, exclude Saturdays, Sundays, and such holidays as are listed in Item No. 25, Agent H. R. Hinsch's Demurrage Tariff I. C. C. 4610, or reissues thereof, only when they occur within the said periods of time, but not after.

(c) *Regulations suspended, announcement required.* The operation of all rules and regulations, insofar as they conflict with the provisions of this section, is hereby suspended and each railroad subject to this section, or its agent, shall publish, file, and post a supplement to each of its tariffs affected by this section, in substantial accordance with the provisions of rule 9 (k) of the Commission's Tariff Circular No. 20 (§ 141.9 (k) of this chapter), announcing such suspension.

(d) *Effective date.* This order shall become effective at 7:00 a. m., July 25, 1955.

(e) *Expiration date.* This order shall expire at 11:59 p. m., December 31, 1955, unless otherwise modified, changed, suspended, or annulled by order of this Commission.

It is further ordered, That a copy of this order and direction shall be served upon the railroad regulatory body of each State and upon the Association of American Railroads, Car Service Division, as agent of the railroads subscribing to the car service and per diem agreement under the terms of that agreement, and all other carriers by railroad; and that notice of this order be given to the general public by depositing a copy in the office of the Secretary of the Commission at Washington, D. C., and by filing it with the Director, Division of the FEDERAL REGISTER.

(Sec. 12, 24 Stat. 383, as amended; 49 U. S. C. 12. Interprets or applies sec. 1, 24 Stat. 379, as amended; 49 U. S. C. 1)

By the Commission, Division 3.

[SEAL] HAROLD D. McCOY, *Secretary.*

[F. R. Doc. 55-5615; Filed, July 12, 1955; 8:48 a. m.]

PROPOSED RULE MAKING

DEPARTMENT OF THE TREASURY

Internal Revenue Service

[26 CFR (1954) Part 1]

INCOME TAX; TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 1953

NOTICE OF PROPOSED RULE MAKING

Notice is hereby given that, pursuant to the Administrative Procedure Act, approved June 11, 1946, the regulations set forth in tentative form below are proposed to be prescribed by the Commissioner of Internal Revenue with the approval of the Secretary of the Treasury. Prior to the final adoption of such regulations, consideration will be given to any data, views, or arguments pertaining thereto which are submitted in writing, in duplicate, to the Commissioner of Internal Revenue, Attention: T:P:, Washington 25, D. C., within the period of 30 days from the date of publication of this notice in the FEDERAL REGISTER. The proposed regulations are to be issued under the authority contained in section 7805 of the Internal Revenue Code of 1954 (68A Stat. 917; 26 U. S. C. 7805).

[SEAL] T. COLEMAN ANDREWS, *Commissioner of Internal Revenue.*

The regulations set forth below are hereby prescribed under sections 1 to 38, inclusive, and section 116, of the Internal Revenue Code of 1954. Except as otherwise stated in the regulations, the rules are applicable for taxable years beginning after December 31, 1953, and ending after August 16, 1954.

Sec.
1.1 Statutory provisions; tax imposed; rates of tax on individuals.
1.1-1 Income tax on individuals.
1.1-2 Rates of tax on heads of households.
1.1-3 Limitation on tax.
1.1-4 Determination of normal tax and surtax.
1.1-5 Change in rates applicable to taxable year.
1.2 Statutory provisions; income tax in case of joint return or return of surviving spouse.
1.2-1 Tax in case of joint return of husband and wife or the return of a surviving spouse.
1.2-2 Definition of surviving spouse.
1.3 Statutory provisions; optional tax if gross income is less than $5,000.
1.3-1 Application of optional tax.
1.4 Statutory provisions; rules for optional tax.
1.4-1 Number of exemptions.
1.4-2 Elections.
1.4-3 Husband and wife filing separate returns.
1.4-4 Short taxable year caused by death.
1.5 Statutory provisions; cross references relating to tax on individuals.
1.11 Statutory provisions; tax on corporations.
1.11-1 Tax on corporations.
1.12 Statutory provisions; cross references relating to tax on corporations.
1.21 Statutory provisions; effect of changes.
1.21-1 Changes in rate during a taxable year.
1.31 Statutory provisions; tax withheld on wages.
1.31-1 Credit for tax withheld on wages.
1.31-2 Credit for "special refunds" of employee social security tax.
1.32 Statutory provisions; tax withheld at source on nonresident aliens and foreign corporations and on tax-free covenant bonds.
1.33 Statutory provisions; taxes of foreign countries and possessions of the United States.
1.34 Statutory provisions; dividends received by individuals.
1.34-1 Credit against tax and exclusion from gross income in case of dividends received by individuals.
1.34-2 Limitations on amount of credit.
1.34-3 Dividends to which the credit and exclusion apply.
1.34-4 Taxpayers not entitled to credit and exclusion.
1.34-5 Effective date; taxable years ending after July 31, 1954, subject to the Internal Revenue Code of 1939.
1.35 Statutory provisions; partially tax-exempt interest received by individuals.
1.35-1 Partially tax-exempt interest received by individuals.
1.36 Statutory provisions; credit not allowed to individuals paying optional tax or taking standard deduction.
1.37 Statutory provisions; retirement income.
1.37-1 Allowance of credit for retirement income.
1.37-2 Eligibility for retirement income credit.
1.37-3 Retirement income.
1.37-4 Limitation on amount of retirement income.
1.37-5 Illustration of application of section 37.
1.38 Statutory provisions; overpayments of tax.
1.116 Statutory provisions; partial exclusion of dividends received by individuals.
1.116-1 Partial exclusion of dividends.
1.116-2 Effective date; taxable years ending after July 31, 1954, subject to the Internal Revenue Code of 1939.

NORMAL TAXES AND SURTAXES; DETERMINATION OF TAX LIABILITY; TAX ON INDIVIDUALS

§ 1.1 *Statutory provisions; tax imposed, rates of tax on individuals.*

SECTION 1. *Tax imposed*—(a) *Rates of tax on individuals.* A tax is hereby imposed for each taxable year on the taxable income of every individual other than a head of a household to whom subsection (b) applies. The amount of the tax shall be determined in accordance with the following table:

If the taxable income is:	The tax is:
Not over $2,000	20% of the taxable income.
Over $2,000 but not over $4,000	$400, plus 22% of excess over $2,000.
Over $4,000 but not over $6,000	$840, plus 26% of excess over $4,000.
Over $6,000 but not over $8,000	$1,360, plus 30% of excess over $6,000.
Over $8,000 but not over $10,000	$1,960, plus 34% of excess over $8,000.
Over $10,000 but not over $12,000	$2,640, plus 38% of excess over $10,000.
Over $12,000 but not over $14,000	$3,400, plus 43% of excess over $12,000.
Over $14,000 but not over $16,000	$4,260, plus 47% of excess over $14,000.
Over $16,000 but not over $18,000	$5,200, plus 50% of excess over $16,000.
Over $18,000 but not over $20,000	$6,200, plus 53% of excess over $18,000.
Over $20,000 but not over $22,000	$7,260, plus 56% of excess over $20,000.
Over $22,000 but not over $26,000	$8,380, plus 59% of excess over $22,000.
Over $26,000 but not over $32,000	$10,740, plus 62% of excess over $26,000.
Over $32,000 but not over $38,000	$14,460, plus 65% of excess over $32,000.
Over $38,000 but not over $44,000	$18,360, plus 69% of excess over $38,000.
Over $44,000 but not over $50,000	$22,500, plus 72% of excess over $44,000.
Over $50,000 but not over $60,000	$26,820, plus 75% of excess over $50,000.
Over $60,000 but not over $70,000	$34,320, plus 78% of excess over $60,000.
Over $70,000 but not over $80,000	$42,120, plus 81% of excess over $70,000.
Over $80,000 but not over $90,000	$50,220, plus 84% of excess over $80,000.
Over $90,000 but not over $100,000	$58,620, plus 87% of excess over $90,000.
Over $100,000 but not over $150,000	$67,320, plus 89% of excess over $100,000.
Over $150,000 but not over $200,000	$111,820, plus 90% of excess over $150,000.
Over $200,000	$156,820, plus 91% of excess over $200,000.

(b) *Rates of tax on heads of households*—(1) *Rates of tax.* A tax is hereby imposed for each taxable year on the taxable income of every individual who is the head of a household. The amount of the tax shall be determined in accordance with the following table:

If the taxable income is:	The tax is:
Not over $2,000	20% of the taxable income.
Over $2,000 but not over $4,000	$400, plus 21% of excess over $2,000.
Over $4,000 but not over $6,000	$820, plus 24% of excess over $4,000.
Over $6,000 but not over $8,000	$1,300, plus 26% of excess over $6,000.
Over $8,000 but not over $10,000	$1,820, plus 30% of excess over $8,000.
Over $10,000 but not over $12,000	$2,420, plus 32% of excess over $10,000.
Over $12,000 but not over $14,000	$3,060, plus 36% of excess over $12,000.
Over $14,000 but not over $16,000	$3,780, plus 39% of excess over $14,000.
Over $16,000 but not over $18,000	$4,560, plus 42% of excess over $16,000.
Over $18,000 but not over $20,000	$5,400, plus 43% of excess over $18,000.
Over $20,000 but not over $22,000	$6,260, plus 47% of excess over $20,000.
Over $22,000 but not over $24,000	$7,200, plus 49% of excess over $22,000.
Over $24,000 but not over $28,000	$8,180, plus 52% of excess over $24,000.
Over $28,000 but not over $32,000	$10,260, plus 54% of excess over $28,000.
Over $32,000 but not over $38,000	$12,420, plus 58% of excess over $32,000.
Over $38,000 but not over $44,000	$15,900, plus 62% of excess over $38,000.
Over $44,000 but not over $50,000	$19,620, plus 66% of excess over $44,000.
Over $50,000 but not over $60,000	$23,580, plus 68% of excess over $50,000.
Over $60,000 but not over $70,000	$30,380, plus 71% of excess over $60,000.
Over $70,000 but not over $80,000	$37,480, plus 74% of excess over $70,000.
Over $80,000 but not over $90,000	$44,880, plus 76% of excess over $80,000.
Over $90,000 but not over $100,000	$52,480, plus 80% of excess over $90,000.
Over $100,000 but not over $150,000	$60,480, plus 83% of excess over $100,000.
Over $150,000 but not over $200,000	$101,980, plus 87% of excess over $150,000.
Over $200,000 but not over $300,000	$145,480, plus 90% of excess over $200,000.
Over $300,000	$235,480, plus 91% of excess over $300,000.

(2) *Definition of head of household.* For purposes of this subtitle, an individual shall be considered a head of a household if, and only if, such individual is not married at the close of his taxable year, is not a surviving spouse (as defined in section 2 (b)), and either—

(A) Maintains as his home a household which constitutes for such taxable year the principal place of abode, as a member of such household, of—

(i) A son, stepson, daughter, or stepdaughter of the taxpayer, or a descendant of a son or daughter of the taxpayer, but if such son, stepson, daughter, stepdaughter, or descendant is married at the close of the taxpayer's taxable year, only if the taxpayer is entitled to a deduction for the taxable year for such person under section 151, or

(ii) Any other person who is a dependent of the taxpayer, if the taxpayer is entitled to a deduction for the taxable year for such person under section 151, or

(B) Maintains a household which constitutes for such taxable year the principal place of abode of the father or mother of the taxpayer, if the taxpayer is entitled to a deduction for the taxable year for such father or mother under section 151.

For purposes of this paragraph and of section 2 (b) (1) (B), an individual shall be considered as maintaining a household only if over half of the cost of maintaining the household during the taxable year is furnished by such individual.

(3) *Determination of status.* For purposes of this subsection—

(A) A legally adopted child of a person shall be considered a child of such person by blood;

(B) An individual who is legally separated from his spouse under a decree of divorce or of separate maintenance shall not be considered as married;

(C) A taxpayer shall be considered as not married at the close of his taxable year if at any time during the taxable year his spouse is a nonresident alien; and

(D) A taxpayer shall be considered as married at the close of his taxable year if his spouse (other than a spouse described in subparagraph (C)) died during the taxable year.

(4) *Limitations.* Notwithstanding paragraph (2), for purposes of this subtitle a taxpayer shall not be considered to be a head of a household—

(A) If at any time during the taxable year he is a nonresident alien; or

(B) By reason of an individual who would not be a dependent for the taxable year but for—

(i) Paragraph (9) of section 152 (a),

(ii) Paragraph (10) of section 152 (a), or

(iii) Subsection (c) of section 152.

(c) *Special rules.* The tax imposed by subsection (a), and the tax imposed by paragraph (1) of subsection (b), consists of—

(1) A normal tax of 3 percent of the taxable income, and

(2) A surtax equal to (A) the amount determined in accordance with the table in subsection (a) or paragraph (1) of subsection (b), minus (B) the normal tax.

The tax shall in no event exceed 87 percent of the taxable income for the taxable year.

(d) *Cross reference.* For definition of taxable income, see section 63.

§ 1.1–1 *Income tax on individuals*—(a) *General rule.* (1) Section 1 (a) of the Internal Revenue Code of 1954 imposes an income tax on every individual, resident or nonresident, other than a head of a household to whom subsection (b) applies or a nonresident alien individual subject to the tax imposed by section 871 (a) This tax consists of a normal tax and a surtax. See section 1 (c) For optional tax in the case of taxpayers with adjusted gross incomes of less than $5,000, see section 3. The tax imposed by section 1 (a) is upon taxable income (determined by subtracting the allowable deductions from the gross income) The tax is determined in accordance with the table contained in section 1 (a) In certain cases credits are allowed against the amount of the tax. See part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1954 (section 31 and following sections) In general, the tax is payable upon the basis of returns rendered by persons liable therefor (subchapter A of chapter 61 of the Internal Revenue Code of 1954 (sections 6001–6091, inclusive)) or at the source of the income. For computation of tax in the case of a joint return of husband and wife, or a return of a surviving spouse, see section 2. For other rates of tax on individuals, see section 5 (a) See part III of subchapter G of chapter 1 of the Internal Revenue Code of 1954 (sections 551–557, inclusive) as to shareholders of foreign personal holding companies. See subchapter P of chapter 1 of the Internal Revenue Code of 1954 (sections 1201–1241, inclusive) as to the treatment of capital gains and losses.

(2) The income tax imposed by section 1 (a) upon any amount of taxable income is computed by adding to the income tax for the bracket in which that amount falls in the table in section 1 (a) the income tax upon the excess of that amount over the bottom of the bracket at the rate indicated in the table. Accordingly, the income tax for a taxable year beginning after December 31, 1953, upon a taxable income of $16,480 would be $5,440, computed as follows:

Tax on $16,000 (from table)	$5,200
Tax on $480 (at 50 percent as determined by the table)	240
Total tax on $16,480	5,440

(b) *Citizens or residents of the United States liable to tax.* In general, all citizens of the United States, wherever resident, and all resident alien individuals are liable to the income taxes imposed by the Internal Revenue Code of 1954 whether the income is received from sources within or without the United States. A nonresident alien individual who is a bona fide resident of Puerto Rico during the entire taxable year is, in general, subject to taxation in the same manner as a resident alien individual. See section 876, relating to alien residents of Puerto Rico, and section 933, relating to income from sources within Puerto Rico. As to tax on nonresident alien individuals, see section 871.

(c) *Who is a citizen.* Every person born or naturalized in the United States and subject to its jurisdiction is a citizen. For rules governing loss of citizenship, see sections 349 to 357, inclusive, of the Immigration and Nationality Act, 1952 (8 U. S. C. 1481–1489). A foreigner who has filed his declaration of intention of becoming a citizen but who has not yet been admitted to citizenship by a final order of a naturalization court is an alien.

§ 1.1–2 *Rates of tax on heads of households*—(a) *General rule.* An individual who is the head of a household under the rules prescribed in section 1 (b) is subject to the income tax imposed by that section instead of the income tax imposed by section 1 (a)

(b) *Definition of head of household.* (1) For the purpose of section 1 (b) the taxpayer shall be considered the head of a household if, and only if, he is not married at the close of his taxable year, is not a surviving spouse (as defined in section 2 (b)) and (i) maintains as his home a household which constitutes for such taxable year the principal place of abode, as a member of such household, of at least one of the individuals described in section 1 (b) (2) (A), or (ii) maintains (whether or not as his home) a household which constitutes for such

taxable year the principal place of abode of one of the individuals described in section 1 (b) (2) (B)

(2) Under no circumstances shall the same person be used to qualify more than one taxpayer as the head of a household for the same taxable year.

(3) Subparagraph (A) of section 1 (b) (2) provides that any of the following persons may qualify the taxpayer as a head of a household:

(i) A son, stepson, daughter, or stepdaughter of the taxpayer, or a descendant of a son or daughter of the taxpayer. For the purpose of determining whether any of the stated relationships exist, a legally adopted child of a person is considered a child of such person by blood. If any such person is not married at the close of the taxable year of the taxpayer, the taxpayer may qualify as the head of a household by reason of such person even though the taxpayer may not claim a deduction for such person under section 151, for example, because the taxpayer does not furnish more than half of the support of such person. However, if any such person is married at the close of the taxable year of the taxpayer, the taxpayer may qualify as the head of a household by reason of such person only if the taxpayer is entitled to a deduction for such person under section 151 and the regulations thereunder. In applying the preceding sentence there shall be disregarded any such person for whom a deduction is allowed under section 151 only by reason of section 152 (c) (relating to persons covered by a multiple support agreement)

(ii) Any other person who is a dependent of the taxpayer, if the taxpayer is entitled to a deduction for the taxable year for such person under section 151 and the regulations thereunder. Section 151 provides that the taxpayer may be entitled to a deduction for any of the following persons.

(*a*) His brother, sister, stepbrother, or stepsister;

(*b*) His father or mother, or an ancestor of either;

(*c*) His stepfather or stepmother;

(*d*) A son or a daughter of his brother or sister;

(*e*) A brother or sister of his father or mother; or

(*f*) His son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law or sister-in-law, if such person has a gross income of less than $600 for the calendar year in which the taxable year of the taxpayer begins, if the taxpayer supplies more than one-half of the support of such person for such calendar year and if such person does not make a joint return with his spouse for the taxable year beginning in such calendar year.

The taxpayer may not be considered to be a head of a household by reason of any person for whom a deduction is allowed under section 151 only by reason of section 152 (a) (9) 152 (a) (10) or 152 (c) (relating to persons not related to the taxpayer, persons receiving institutional care, and persons covered by multiple support agreements)

(4) Subparagraph (B) of section 1 (b) (2) provides that the father or mother of the taxpayer may qualify the taxpayer as a head of a household, but only if the taxpayer is entitled to a deduction for the taxable year for such father or mother under section 151 (determined without regard to section 152 (c)) For example, an unmarried taxpayer who maintains a home for his widowed mother may not qualify as the head of a household by reason of his maintenance of a home for his mother if his mother has income of $600 or more in the calendar year in which his taxable year begins, or if he does not furnish more than one-half of the support of his mother for such calendar year. For purposes of subparagraph (B) of section 1 (b) (2) a person who legally adopted the taxpayer is considered the father or mother of the taxpayer.

(5) For the purpose of section 1 (b) the status of the taxpayer shall be determined as of the close of the taxpayer's taxable year. A taxpayer shall be considered as not married if at the close of his taxable year he is legally separated from his spouse under a decree of divorce or separate maintenance, or if at any time during the taxable year the spouse to whom the taxpayer is married at the close of his taxable year was a nonresident alien. A taxpayer shall be considered married at the close of his taxable year if his spouse (other than a spouse who is a nonresident alien) dies during such year.

(6) If the taxpayer is a nonresident alien during any part of the taxable year he may not qualify as a head of a household even though he may comply with the other provisions of section 1 (b)

(c) *Household.* (1) In order for the taxpayer to be considered a head of a household by reason of any individual described in subparagraph (A) of section 1 (b) (2) the household must actually constitute the home of the taxpayer for his taxable year. A physical change in the location of such home will not prevent a taxpayer from qualifying as a head of a household. Such home must also constitute the principal place of abode of at least one of the persons specified in such subparagraph (A) It is not sufficient that the taxpayer maintain the household without being its occupant. The taxpayer and such other person must occupy the household for the entire taxable year of the taxpayer. They will be considered as occupying the household for such entire taxable year notwithstanding temporary absences from the household due to special circumstances. A nonpermanent failure to occupy the common abode by reason of illness, education, business, vacation, military service, or a custody agreement under which a child or stepchild is absent for less than six months in the taxable year of the taxpayer, shall be considered temporary absence due to special circumstances. Such absence will not prevent the taxpayer from qualifying as the head of a household if (i) it is reasonable to assume that the taxpayer or such other person will return to the household, and (ii) the taxpayer continues to maintain such household or a substantially equivalent household in anticipation of such return. The taxpayer will not be deprived of the benefit of the lower tax rates of section 1 (b) because such other person dies during the taxable year of the taxpayer if the household constitutes the principal place of abode of such other person during that part of such taxable year preceding death.

(2) In order for the taxpayer to be considered a head of a household by reason of any individual described in subparagraph (B) of section 1 (b) (2), the household must actually constitute the principal place of abode of the taxpayer's dependent father or mother, or both of them. It is not, however, necessary for the purposes of such subparagraph for the taxpayer also to reside in such place of abode. A physical change in the location of such home will not prevent a taxpayer from qualifying as a head of a household. The father or mother of the taxpayer, however, must occupy the household for the entire taxable year of the taxpayer. They will be considered as occupying the household for such entire year notwithstanding temporary absences from the household due to special circumstances. For example, a nonpermanent failure to occupy the household by reason of illness or vacation shall be considered temporary absence due to special circumstances. Such absence will not prevent the taxpayer from qualifying as the head of a household if (i) it is reasonable to assume that such person will return to the household, and (ii) the taxpayer continues to maintain such household or a substantially equivalent household in anticipation of such return. The taxpayer will not be deprived of the benefits of section 1 (b) because such other person dies during the taxable year of the taxpayer if the household constitutes the principal place of abode of such other person during that part of such taxable year preceding death.

(d) *Cost of maintaining a household.* The taxpayer shall be considered as maintaining a household only if he pays more than one-half the cost thereof for his taxable year. The cost of maintaining a household shall be the expenses incurred for the mutual benefit of the occupants thereof by reason of its operation as the principal place of abode of such occupants for such taxable year. Such expenses include property taxes, mortgage interest, rent, utility charges, upkeep and repairs, property insurance, and food consumed on the premises. The cost of maintaining a household shall not include expenses otherwise incurred. Thus, such cost does not include expenses incurred for clothing, education, medical treatment, vacations, life insurance, and transportation. In addition, the cost of maintaining a household shall not include any amount which represents the value of services rendered in the household by the taxpayer or by a person qualifying the taxpayer as a head of a household.

§ 1.1–3 *Limitation on tax.* The tax imposed by section 1 (whether by subsection (a) or by subsection (b) thereof) shall not exceed 87 percent of the taxable income for the taxable year. For purposes of determining this limitation the tax under section 1 (a) or (b) and the tax at the 87 percent rate shall each be computed before the allowance of any

credits against the tax. Where the alternative tax on capital gains is imposed under section 1201 (b) this limitation shall apply to the partial tax only.

§ 1.1–4 *Determination of normal tax and surtax.* The tax imposed by section 1 (whether by subsection (a) or by subsection (b) thereof) consists of a normal tax and a surtax. The normal tax equals 3 percent of the taxable income of the taxpayer and the surtax equals the remaining part of the combined tax computed in accordance with the tables in subsection (a) and subsection (b) of section 1 and with the limitation on tax in subsection (c) of section 1.

§ 1.1–5 *Change in rates applicable to taxable year* For computation of the tax for a taxable year during which a change in the tax rates occurs, see section 21 and the regulations thereunder.

§ 1.2 *Statutory provisions; income tax in case of joint return or return of surviving spouse.*

SEC. 2. *Tax in case of joint return or return of surviving spouse*—(a) *Rate of tax.* In the case of a joint return of a husband and wife under section 6013, the tax imposed by section 1 shall be twice the tax which would be imposed if the taxable income were cut in half. For purposes of this subsection and section 3, a return of a surviving spouse (as defined in subsection (b)) shall be treated as a joint return of a husband and wife under section 6013.

(b) *Definition of surviving spouse*—(1) *In general.* For purposes of subsection (a), the term "surviving spouse" means a taxpayer—

(A) Whose spouse died during either of his two taxable years immediately preceding the taxable year, and

(B) Who maintains as his home a household which constitutes for the taxable year the principal place of abode (as a member of such household) of a dependent (i) who (within the meaning of section 152) is a son, stepson, daughter, or stepdaughter of the taxpayer, and (ii) with respect to whom the taxpayer is entitled to a deduction for the taxable year under section 151.

(2) *Limitations.* Notwithstanding paragraph (1), for purposes of subsection (a) a taxpayer shall not be considered to be a surviving spouse—

(A) If the taxpayer has remarried at any time before the close of the taxable year, or

(B) Unless, for the taxpayer's taxable year during which his spouse died, a joint return could have been made under the provisions of section 6013 (without regard to subsection (a) (3) thereof) or under the corresponding provisions of the Internal Revenue Code of 1939.

§ 1.2–1 *Tax in case of joint return of husband and wife or the return of a surviving spouse.* (a) In the case of a joint return of husband and wife, or the return of a surviving spouse as defined in section 2 (b) the tax imposed by section 1 shall be twice the tax that would be imposed if the taxable income were reduced by one-half. For rules relating to the filing of joint returns of husband and wife, see section 6013 and the regulations thereunder. For method of computing gross income and adjusted gross income on a joint return of husband and wife, see § 1.6013.

(b) The method of computing, under section 2 (a) the tax of husband and wife in the case of a joint return, or the tax of a surviving spouse, is as follows:

(1) First, the taxable income is reduced by one-half. Second, the tax is determined as provided by section 1 by using the taxable income so reduced. Third, the tax so determined, which is the tax that would be determined if the taxable income were reduced by one-half, is then multiplied by two to produce the tax imposed in the case of the joint return or the return of a surviving spouse, subject, however, to the allowance of any credits against the tax under the provisions of sections 31 through 38 and the regulations thereunder.

(2) The limitation under section 1 (c) of the tax to an amount not in excess of a specified percent of the taxable income for the taxable year is to be applied before the third step above, that is, the limitation to be applied upon the tax is determined as the applicable specified percent of one-half of the taxable income for the taxable year (such one-half of the taxable income being the actual aggregate taxable income of the spouses, or the total taxable income of the surviving spouse, as the case may be, reduced by one-half) For the percent applicable in determining the limitation of the tax under section 1 (c), see § 1.1–3. After such limitation is applied, then the tax so limited is multiplied by two as provided in section 2 (a) (the third step above).

(3) The following computation illustrates the method of application of section 2 (a) in the determination of the tax of a husband and wife filing a joint return for the calendar year 1954. If the combined gross income is $8,200, and the only deductions are the two exemptions of the taxpayers under section 151 (b) and the standard deduction under section 141, the tax on the joint return for 1954, without regard to any credits against the tax, is $1,279.60, as determined as follows:

1. Gross income			$8,200
2. Less:			
Standard deduction under section 141	$820		
Deduction for personal exemptions	1,200		2,020
3. Taxable income			6,180
4. Taxable income reduced by one-half			3,090
5. Tax, computed by the tax table provided under section 1 (a) ($400 plus 22 percent of excess of $3,090 over $2,000)			639.80
6. Twice the tax in item 5			1,279.60

(c) If the alternative tax is computed under section 1201 (b) relating to the alternative tax where a taxpayer (other than a corporation) has a net long-term capital gain in excess of a net short-term capital loss, the partial tax shall be computed as provided in paragraph (b) of this section but without inclusion of 50 percent of such excess in taxable income, and the total tax shall be such partial tax plus a specified percent of such excess as provided in such section 1201 (b)

(d) If a joint return of a husband and wife is filed under the provisions of section 6013 and if the husband and wife have different taxable years solely because of the death of either spouse, the taxable year of the deceased spouse covered by the joint return shall, for the purpose of the computation of the tax under section 2 (a) in respect of such joint return, be deemed to have ended on the date of the closing of the surviving spouse's taxable year.

(e) For computation of optional tax in the case of a joint return or the return of a surviving spouse, see section 3 and the regulations thereunder.

(f) For treatment of taxable years during which a change in the tax rates occur see section 21 and the regulations thereunder.

§ 1.2–2 *Definition of surviving spouse.* (a) If a taxpayer is eligible to file a joint return (either under the Internal Revenue Code of 1939 without regard to section 51 (b) (4) thereof or under the Internal Revenue Code of 1954 without regard to section 6013 (a) (3) thereof) for the taxable year in which his spouse dies, his return for each of the next two taxable years following the year of the death of the spouse shall be treated as a joint return for purposes of sections 2 (a) and (3) if all three of the following requirements are satisfied:

(1) He has not remarried before the close of the taxable year the return for which is sought to be treated as a joint return, and

(2) He maintains as his home a household which constitutes for the taxable year the principal place of abode as a member of such household of a person who is (whether by blood or adoption) a son, stepson, daughter, or stepdaughter of the taxpayer, and

(3) He is entitled for the taxable year to a deduction under section 151 (relating to deductions for dependents) with respect to such son, stepson, daughter, or stepdaughter.

A return of a surviving spouse may not be treated as a joint return unless it is for a taxable year beginning after December 31, 1953, and ending after August 16, 1954.

(b) Sections 1.1–2 (c) (1) and (d) (relating to the head of a household) provide rules for the determination under section 1 (b) (2) (A) of when the taxpayer maintains as his home a household which constitutes for the taxable year the principal place of abode, as a member of such household, of another person. These same rules shall also apply in the determination of whether the corresponding requirements under section 2 (b) (1) (B) have been satisfied.

(c) If the taxpayer does not qualify under section 2 as a surviving spouse he may nevertheless qualify under section 1 (b) as a head of a household if he meets the requirements of that section.

(d) The following example illustrates the provisions relating to a surviving spouse:

Example. Assume that the taxpayer meets the requirements of subparagraph (B) of section 2 (b) (1) for the years 1954 through 1958, and that the taxpayer, whose wife died during 1953 while married to him, remarried in 1955. In 1956, the taxpayer's second wife died while married to him, and he remained single thereafter. For 1954 the taxpayer will qualify as a surviving spouse, provided that neither the taxpayer nor the first wife was a nonresident alien at any

time during 1953 and that she (immediately prior to her death) did not have a taxable year different from that of the taxpayer. For 1955 the taxpayer does not qualify as a surviving spouse because he remarried before the close of that taxable year. The taxpayer will qualify as a surviving spouse for 1957 and 1958, provided that neither the taxpayer nor the second wife was a nonresident alien at any time during 1956 and that she (immediately prior to her death) did not have a taxable year different from that of the taxpayer. On the other hand, if the taxpayer, in 1956, was divorced or legally separated from his second wife, the taxpayer will not qualify as a surviving spouse for 1957 or 1958, since he could not have filed a joint return for 1956 (the year in which his second wife died).

§ 1.3 *Statutory provisions; optional tax if gross income is less than $5,000.*

SEC. 3. *Optional tax if adjusted gross income is less than $5,000.* In lieu of the tax imposed by section 1, there is hereby imposed for each taxable year, on the taxable income of each individual whose adjusted gross income for such year is less than $5,000 and who has elected for such year to pay the tax imposed by this section, the tax shown in the following table:

If adjusted gross income is—		And the number of exemptions is—				If adjusted gross income is—		And the number of exemptions is—											
								1		2			3			4	5	6	7	8 or more
At least	But less than	1	2	3	4 or more	At least	But less than	And taxpayer is single or married filing separately	And taxpayer is head of household	And taxpayer is single or married filing separately	And taxpayer is head of household	And a joint return is filed	And taxpayer is single or married filing separately	And taxpayer is head of household	And a joint return is filed					
		The tax is—						The tax is—												
$0	$675	$0	$0	$0	$0	$2,325	$2,350	$301	$301	$181	$181	$181	$61	$61	$61	$0	$0	$0	$0	$0
675	700	4	0	0	0	2,350	2,375	305	305	185	185	185	65	65	65	0	0	0	0	0
700	725	8	0	0	0	2,375	2,400	310	310	190	190	190	70	70	70	0	0	0	0	0
725	750	13	0	0	0	2,400	2,425	314	314	194	194	194	74	74	74	0	0	0	0	0
750	775	17	0	0	0	2,425	2,450	319	319	199	199	199	79	79	79	0	0	0	0	0
775	800	22	0	0	0	2,450	2,475	323	323	203	203	203	83	83	83	0	0	0	0	0
800	825	26	0	0	0	2,475	2,500	328	328	208	208	208	88	88	88	0	0	0	0	0
825	850	31	0	0	0	2,500	2,525	332	332	212	212	212	92	92	92	0	0	0	0	0
850	875	35	0	0	0	2,525	2,550	337	337	217	217	217	97	97	97	0	0	0	0	0
875	900	40	0	0	0	2,550	2,575	341	341	221	221	221	101	101	101	0	0	0	0	0
900	925	44	0	0	0	2,575	2,600	346	346	226	226	226	106	106	106	0	0	0	0	0
925	950	49	0	0	0	2,600	2,625	350	350	230	230	230	110	110	110	0	0	0	0	0
950	975	53	0	0	0	2,625	2,650	355	355	235	235	235	115	115	115	0	0	0	0	0
975	1,000	58	0	0	0	2,650	2,675	359	359	239	239	239	119	119	119	0	0	0	0	0
1,000	1,025	62	0	0	0	2,675	2,700	364	364	244	244	244	124	124	124	4	0	0	0	0
1,025	1,050	67	0	0	0	2,700	2,725	368	368	248	248	248	128	128	128	8	0	0	0	0
1,050	1,075	71	0	0	0	2,725	2,750	373	373	253	253	253	133	133	133	13	0	0	0	0
1,075	1,100	76	0	0	0	2,750	2,775	377	377	257	257	257	137	137	137	17	0	0	0	0
1,100	1,125	80	0	0	0	2,775	2,800	382	382	262	262	262	142	142	142	22	0	0	0	0
1,125	1,150	85	0	0	0	2,800	2,825	386	386	266	266	266	146	146	146	26	0	0	0	0
1,150	1,175	89	0	0	0	2,825	2,850	391	391	271	271	271	151	151	151	31	0	0	0	0
1,175	1,200	94	0	0	0	2,850	2,875	395	395	275	275	275	155	155	155	35	0	0	0	0
1,200	1,225	98	0	0	0	2,875	2,900	400	400	280	280	280	160	160	160	40	0	0	0	0
1,225	1,250	103	0	0	0	2,900	2,925	405	404	284	284	284	164	164	164	44	0	0	0	0
1,250	1,275	107	0	0	0	2,925	2,950	410	409	289	289	289	169	169	169	49	0	0	0	0
1,275	1,300	112	0	0	0	2,950	2,975	415	414	293	293	293	173	173	173	53	0	0	0	0
1,300	1,325	116	0	0	0	2,975	3,000	420	419	298	298	298	178	178	178	58	0	0	0	0
1,325	1,350	121	1	0	0	3,000	3,050	427	426	305	305	305	185	185	185	65	0	0	0	0
1,350	1,375	125	5	0	0	3,050	3,100	437	435	314	314	314	194	194	194	74	0	0	0	0
1,375	1,400	130	10	0	0	3,100	3,150	447	445	323	323	323	203	203	203	83	0	0	0	0
1,400	1,425	134	14	0	0	3,150	3,200	457	454	332	332	332	212	212	212	92	0	0	0	0
1,425	1,450	139	19	0	0	3,200	3,250	467	464	341	341	341	221	221	221	101	0	0	0	0
1,450	1,475	143	23	0	0	3,250	3,300	476	473	350	350	350	230	230	230	110	0	0	0	0
1,475	1,500	148	28	0	0	3,300	3,350	486	482	359	359	359	239	239	239	119	0	0	0	0
1,500	1,525	152	32	0	0	3,350	3,400	496	492	368	368	368	248	248	248	128	8	0	0	0
1,525	1,550	157	37	0	0	3,400	3,450	506	501	377	377	377	257	257	257	137	17	0	0	0
1,550	1,575	161	41	0	0	3,450	3,500	516	511	386	386	386	266	266	266	146	26	0	0	0
1,575	1,600	166	46	0	0	3,500	3,550	526	520	395	395	395	275	275	275	155	35	0	0	0
1,600	1,625	170	50	0	0	3,550	3,600	536	530	404	404	404	284	284	284	164	44	0	0	0
1,625	1,650	175	55	0	0	3,600	3,650	546	539	414	413	413	293	293	293	173	53	0	0	0
1,650	1,675	179	59	0	0	3,650	3,700	556	549	424	423	422	302	302	302	182	62	0	0	0
1,675	1,700	184	64	0	0	3,700	3,750	566	558	434	432	431	311	311	311	191	71	0	0	0
1,700	1,725	188	68	0	0	3,750	3,800	575	567	443	441	440	320	320	320	200	80	0	0	0
1,725	1,750	193	73	0	0	3,800	3,850	585	577	453	451	449	329	329	329	209	89	0	0	0
1,750	1,775	197	77	0	0	3,850	3,900	595	586	463	460	458	338	338	338	218	98	0	0	0
1,775	1,800	202	82	0	0	3,900	3,950	605	596	473	470	467	347	347	347	227	107	0	0	0
1,800	1,825	206	86	0	0	3,950	4,000	615	605	483	479	476	356	356	356	236	116	0	0	0
1,825	1,850	211	91	0	0	4,000	4,050	625	615	493	489	485	365	365	365	245	125	5	0	0
1,850	1,875	215	95	0	0	4,050	4,100	635	624	503	498	494	374	374	374	254	134	14	0	0
1,875	1,900	220	100	0	0	4,100	4,150	645	634	513	508	503	383	383	383	263	143	23	0	0
1,900	1,925	224	104	0	0	4,150	4,200	655	643	523	517	512	392	392	392	272	152	32	0	0
1,925	1,950	229	109	0	0	4,200	4,250	665	653	533	527	521	401	401	401	281	161	41	0	0
1,950	1,975	233	113	0	0	4,250	4,300	674	662	542	536	530	410	410	410	290	170	50	0	0
1,975	2,000	238	118	0	0	4,300	4,350	684	671	552	545	539	420	419	419	299	179	59	0	0
2,000	2,025	242	122	2	0	4,350	4,400	694	681	562	555	548	430	429	428	308	188	68	0	0
2,025	2,050	247	127	7	0	4,400	4,450	704	690	572	564	557	440	438	437	317	197	77	0	0
2,050	2,075	251	131	11	0	4,450	4,500	714	700	582	574	566	450	448	446	326	206	86	0	0
2,075	2,100	256	136	16	0	4,500	4,550	724	709	592	583	575	460	457	455	335	215	95	0	0
2,100	2,125	260	140	20	0	4,550	4,600	734	719	602	593	584	470	467	464	344	224	104	0	0
2,125	2,150	265	145	25	0	4,600	4,650	744	728	612	602	593	480	476	473	353	233	113	0	0
2,150	2,175	269	149	29	0	4,650	4,700	754	738	622	612	602	490	486	482	362	242	122	2	0
2,175	2,200	274	154	34	0	4,700	4,750	764	747	632	621	611	500	495	491	371	251	131	11	0
2,200	2,225	278	158	38	0	4,750	4,800	773	756	641	630	620	509	504	500	380	260	140	20	0
2,225	2,250	283	163	43	0	4,800	4,850	783	766	651	640	629	519	514	509	389	269	149	29	0
2,250	2,275	287	167	47	0	4,850	4,900	793	775	661	649	638	529	523	518	398	278	158	38	0
2,275	2,300	292	172	52	0	4,900	4,950	803	785	671	659	647	539	533	527	407	287	167	47	0
2,300	2,325	296	176	56	0	4,950	5,000	813	794	681	668	656	549	542	536	416	296	176	56	0

§ 1.3–1 *Application of optional tax.* (a) *General rules.* (1) An individual whose adjusted gross income is less than $5,000 (or a husband and wife filing a joint return whose combined adjusted gross income is less than $5,000) may elect to pay the tax imposed by section 3 in place of the tax imposed by section 1 (a) or (b) See § 1.4–2 for the manner of making such election. A taxpayer may make such election regardless of the sources from which his income is derived and regardless of whether his income is computed by the cash method or the accrual method. See section 62 and the regulations thereunder for the determination of adjusted gross income. For the purpose of determining whether a taxpayer may elect to pay the tax under section 3, the amount of the adjusted gross income is controlling, without reference to the number of exemptions to which the taxpayer may be entitled. See section 4 and the regulations thereunder for additional rules applicable to section 3.

(2) The following examples illustrate the rule that section 3 applies only if the adjusted gross income is less than $5,000:

Example (1). A is employed at a salary of $4,600 for the calendar year 1954. In the course of such employment, he incurred travel expenses of $750 for which he was reimbursed during the year. Such items constitute his sole income for 1954. In such case the gross income is $5,350 but the amount of $750 is deducted from gross income in the determination of adjusted gross income and thus A's adjusted gross income for 1954 is $4,600. Hence, the adjusted gross income being less than $5,000, he may elect to pay his tax for 1954 under section 3. Similarly, in the case of an individual engaged in trade or business (excluding from the term "engaged in trade or business" the performance of personal services as an employee), there may be deducted from gross income in ascertaining adjusted gross income those expenses directly relating to the carrying on of such trade or business.

Example (2). If B has, as his only income for 1954, a salary of $5,800 and his spouse has no gross income, then B's adjusted gross income is $5,800 (not $5,800 minus $1,200 or $4,600) and he is not, for such year, entitled to pay his tax under section 3. If, however, B has for 1954 a salary of $6,000 and incident to his employment he incurs expenses in the amount of $1,200 for travel, meals, and lodging while away from home, the adjusted gross income is $6,000 minus $1,200, or $4,800. In such case his adjusted gross income being less than $5,000, B may elect to pay the tax under section 3. However, if B's wife has adjusted gross income of $200, the total adjusted gross income is $5,000. In such case, if B and his wife file a joint return, they may not elect to pay the optional tax since the combined adjusted gross income is not less than $5,000. B may nevertheless elect to pay the optional tax, but if he makes this election he must file a separate return and, since his wife has gross income, he may not claim an exemption for her in computing the optional tax.

(b) *Surviving spouse.* The return of a surviving spouse is treated as a joint return for purposes of section 3. See section 2, and the regulations thereunder, with respect to the qualifications of a taxpayer as a surviving spouse. Accordingly, if the taxpayer qualifies as a surviving spouse and elects to pay the optional tax, he shall use the column

in the tax table, appropriate to his number of exemptions, provided for cases in which a joint return is filed.

(c) *Use of tax table.* (1) To determine the amount of the tax, the individual ascertains the amount of his adjusted gross income, refers to the table set forth in section 3, ascertains the income bracket into which such income falls, and, using the number of exemptions applicable to his case, finds the tax in the vertical column having at the top thereof a number corresponding to the number of exemptions to which the taxpayer is entitled.

(2) The tax table in section 3 contains, in certain instances, double columns, in one of which is shown the tax if the taxpayer is single (and not the head of a household) or married and files a separate return, and in the other of which is shown the tax if the taxpayer is the head of a household. In other instances, such table contains triple columns, in the first of which is shown the tax if the taxpayer is single (and not the head of a household) or married and files a separate return, in the second of which is shown the tax if the taxpayer is the head of a household, and in the third of which is shown the tax if a joint return is filed. In the case of double or triple columns, the tax shall be determined by reference to the applicable column.

(3) The tax shown in the tax table set forth in section 3 reflects full income splitting in the case of a joint return (including the return of a surviving spouse) and lesser income splitting in the case of a head of household. Therefore, it is possible for the tax shown in the column relating to a joint return, or relating to a return of a head of a household, to be lower than that shown in the separate return column even though the amounts of adjusted gross income and the number of exemptions are the same. For example, if H, a married man, has adjusted gross income of $4,925 for the calendar year 1954 and his wife has no gross income the tax on a joint return basis would be $647 (assuming he is entitled to only two exemptions) If H files a separate return, claiming two exemptions (himself and his wife) his tax would be $671.

(4) The determination of the tax by use of the tax table set forth in section 3 may be illustrated by the following examples:

Example (1). Assume that A has adjusted gross income for the calendar year 1954 of $4,225, has two exemptions, and is single and not a head of a household. The tax is $533, which amount appears in the table under the first of the columns for two exemptions (designated for single taxpayers or married taxpayers filing separate returns) and opposite the appropriate income bracket ($4,200 to $4,250) in the column showing adjusted gross income.

Example (2). Assume the same facts as in example (1) except that B qualifies as a head of a household. The tax is $527, which amount appears under the second of the columns for two exemptions (designated for a taxpayer who is a head of household) and opposite the appropriate income bracket ($4,200 to $4,250) in the column showing adjusted gross income.

§ 1.4 *Statutory provisions; rules for optional tax.*

SEC. 4. *Rules for optional tax*—(a) *Number of exemptions.* For purposes of the table in section 3, the term "number of exemptions" means the number of the exemptions allowed under section 151 as deductions in computing taxable income.

(b) *Manner of election.* The election referred to in section 3 shall be made in the manner provided in regulations prescribed by the Secretary or his delegate.

(c) *Husband or wife filing separate return.* A husband or wife may not elect to pay the optional tax imposed by section 3 if the tax of the other spouse is determined under section 1 on the basis of taxable income computed without regard to the standard deduction. For purposes of the preceding sentence, determination of marital status shall be made under section 143.

(d) *Certain other taxpayers ineligible.* Section 3 shall not apply to—

(1) A nonresident alien individual;

(2) A citizen of the United States entitled to the benefits of section 931 (relating to income from sources within possessions of the United States);

(3) An individual making a return under section 443 (a) (1) for a period of less than 12 months on account of a change in his accounting period; or

(4) An estate or trust.

(e) *Taxable income computed with standard deduction.* Whenever it is necessary to determine the taxable income of a taxpayer who made the election referred to in section 3, the taxable income shall be determined under section 63 (b) (relating to definition of taxable income for individuals electing standard deduction).

(f) *Cross references.* (1) For other applicable rules (including rules as to the change of an election under section 3), see section 144.

(2) For disallowance of certain credits against tax, see section 30.

§ 1.4–1 *Number of exemptions.* (a) For the purpose of determining the optional tax imposed under section 3, the taxpayer shall use the number of exemptions allowable to him as deductions under section 151. See sections 151, 152, and 153, and the regulations thereunder. In general, one exemption is allowed for the taxpayer; one exemption for his spouse if a joint return is made, or if a separate return is made by the taxpayer and his spouse has no gross income for the calendar year in which the taxable year of the taxpayer begins and is not the dependent of another taxpayer for such calendar year; and one exemption for each dependent whose gross income for the calendar year in which the taxable year of the taxpayer begins is less than $600. No exemption is allowed for any dependent who has made a joint return with his spouse for the taxable year beginning in the calendar year in which the taxable year of the taxpayer begins. The taxpayer may, in certain cases, be allowed an exemption for a dependent child of the taxpayer notwithstanding the fact that such child has gross income of $600 or more. Additional exemptions are allowed for a taxpayer or spouse who has attained the age of 65 years and for a blind taxpayer or blind spouse.

(b) The application of this section may be illustrated by the following examples:

Example (1). A, a married man whose duties as an employee require traveling away from his home, has as his sole gross income a salary of $5,600 for the calendar year 1954. His traveling expenses, including cost of meals and lodging, amount in such year to $750, and, hence, his adjusted gross income is $4,850. His wife, B, has as her sole income interest in the amount of $85, and thus the aggregate adjusted gross income of A and B is $4,935. A has two dependent children neither of whom has any income. A and B file a joint return for 1954 on Form 1040. In such case four exemptions are allowable. The adjusted gross income falls within the tax bracket $4,900–4,950. By referring to such tax bracket in the tax table in section 3 and to the column headed "4" therein, the tax is found to be $407.

Example (2). C, a married man, has as his sole income in 1954 wages of $4,600, and has two dependent children neither of whom has any income. His wife, D, has adjusted gross income of $400. C files a separate return for 1954 and is entitled to claim three exemptions. C's income falls within the tax bracket $4,600–4,650 and hence, with three exemptions his tax is $480. No exemption is allowed with respect to D since D has gross income and a joint return was not filed.

Example (3). D, a married man with no dependents, attains the age of 65 on September 1, 1954. The aggregate adjusted gross income of D and his wife for 1954 is $4,840. D and his wife file a joint return for 1954 and are entitled to three exemptions, one for each taxpayer and one additional exemption for D because of his age. Since the adjusted gross income of D and his wife falls within the tax bracket $4,800–4,850, the tax on a joint return is $509.

§ 1.4–2 *Elections*—(a) *Making of election.* The election to pay the optional tax imposed under section 3 shall be made by (1) filing a return (whether a separate return or a joint return) on Form 1040A, or (2) filing a return (whether a separate return or a joint return) on Form 1040 and electing in such return, in accordance with the provisions of section 144 and the regulations thereunder, to take the standard deduction provided by section 141.

(b) *Election under section 3 and election of standard deduction.* Section 144 (a) and the regulations thereunder provide rules for treating an election to pay the tax under section 3 as an election to take the standard deduction, and for treating an election to take the standard deduction as an election to pay the tax under section 3. For example, if the taxpayer's return shows $5,000 or more of adjusted gross income and he elects to take the standard deduction, he will be deemed to have elected to pay the tax under section 3 if it is subsequently determined that his correct adjusted gross income is less than $5,000.

(c) *Head of household and surviving spouse.* In the case of a head of a household (as defined in section 1 (b) and the regulations thereunder) or a surviving spouse (as defined in section 2 (b) and the regulations thereunder) electing to make his return on Form 1040A, the tax imposed by section 3 shall be computed without regard to the status of the taxpayer as the head of a household or as a surviving spouse. See section 6014 and the regulations thereunder.

(d) *Change of election.* For rules relating to a change of election to pay, or not to pay, the optional tax imposed under section 3, see section 144 (b) and the regulations thereunder.

§ 1.4–3 *Husband and wife filing separate returns.* (a) If the separate adjusted gross income of a husband is less than $5,000 and the separate adjusted gross income of his wife is less than $5,000, and if each is required to file a return, the husband and the wife both must, or neither can, elect to pay the optional tax imposed under section 3. If the separate adjusted gross income of each spouse is $5,000 or more, then neither spouse can elect to pay the optional tax imposed under section 3. If the adjusted gross income of one spouse is $5,0000 or more and that of the other spouse is less than $5,000, the election to pay the optional tax imposed under section 3 may be exercised by the spouse having adjusted gross income of less than $5,000 only if the spouse having adjusted gross income of $5,000 or more, in computing taxable income, uses the standard deduction provided by section 141. If the spouse having adjusted gross income of $5,000 or more does not use the standard deduction, then the spouse having adjusted gross income of less than $5,000 may not elect to pay the optional tax and must compute taxable income without regard to the standard deduction. Accordingly, if the spouse having adjusted gross income of $5,000 or more itemizes the deductions allowed by sections 161 and 211 in computing taxable income, the spouse having adjusted gross income of less than $5,000 must also compute taxable income by itemizing the deductions allowed by sections 161 and 211, and must pay the tax imposed by section 1. For rules relative to the election to take the standard deduction by husband and wife, see part IV of subchapter B (sections 141–145) and the regulations thereunder.

(b) For the purpose of applying the restrictions upon the right of a married person to elect to pay the tax under section 3, the determination of marital status is made as of the close of the taxpayer's taxable year or, if his spouse died during such year, as of the date of death, and a person legally separated from his spouse under a decree of divorce or separate maintenance on the last day of his taxable year (or the date of death of his spouse, whichever is applicable) is not considered married. See section 143 and the regulations thereunder.

§ 1.4–4 *Short taxable year caused by death.* An individual making a return for a period of less than 12 months on account of a change in his accounting period may not elect to pay the optional tax under section 3. However, the fact that the taxable year is less than 12 months does not prevent the determination of the tax for the taxable year under section 3 if the short taxable year results from the death of the taxpayer.

§ 1.5 *Statutory provisions; cross references relating to tax on individuals.*

SEC. 5. *Cross references relating to tax on individuals*—(a) *Other rates of tax on individuals, etc.* (1) For rates of tax on nonresident aliens, see section 871.

(2) For doubling of tax on citizens of certain foreign countries, see section 891.

(3) For alternative tax in case of capital gain, see section 1201 (b).

(4) For rate of withholding in the case of nonresident aliens, see section 1441.

(b) *Special limitations on tax.* (1) For limitation on tax attributable to receipt of lump sum under annuity, endowment, or life insurance contract, see section 72 (e) (3).

(2) For limitation on surtax attributable to sales of oil or gas properties, see section 632.

(3) For limitation on tax in case of income of members of Armed Forces on death, see section 692.

(4) For limitation on tax with respect to compensation for long-term services, see section 1301.

(5) For limitation on tax with respect to income from artistic work or inventions, see section 1302.

(6) For limitation on tax in case of back pay, see section 1303.

(7) For computation of tax where taxpayer restores substantial amount held under claim of right, see section 1341.

(8) For limitation on surtax attributable to claims against the United States involving acquisitions of property, see section 1347.

TAX ON CORPORATIONS

§ 1.11 *Statutory provisions; tax on corporations.*

SEC. 11. *Tax imposed*—(a) *Corporations in general.* A tax is hereby imposed for each taxable year on the taxable income of every corporation. The tax shall consist of a normal tax computed under subsection (b) and a surtax computed under subsection (c).

(b) *Normal tax*—(1) *Taxable years beginning before April 1, 1956.* In the case of a taxable year beginning before April 1, 1956, the normal tax is equal to 30 percent of the taxable income.

(2) *Taxable years beginning after March 31, 1956.* In the case of a taxable year beginning after March 31, 1956, the normal tax is equal to 25 percent of the taxable income.

(c) *Surtax.* The surtax is equal to 22 percent of the amount by which the taxable income (computed without regard to the deduction, if any, provided in section 242 for partially tax-exempt interest) exceeds $25,000.

(d) *Exceptions.* Subsection (a) shall not apply to a corporation subject to a tax imposed by—

(1) Section 594 (relating to mutual savings banks conducting life insurance business),

(2) Subchapter L (sec. 801 and following, relating to insurance companies),

(3) Subchapter M (sec. 851 and following, relating to regulated investment companies), or

(4) Section 881 (a) (relating to foreign corporations not engaged in business in United States).

[Section 11 as amended by section 2 (Public Law 18 (84th Cong.)).]

§ 1.11–1 *Tax on corporations.* (a) Every corporation, foreign or domestic, is liable to the tax imposed under section 11 except (1) corporations described in section 11 (d) (2) corporations expressly exempt from all taxation under subtitle A (see section 501) and (3) corporations subject to tax under section 511 (a) For definition of the terms "corporation" "domestic" and "foreign" see section 7701 (a) (3) (4) and (5) respectively. It is immaterial that a domestic corporation subject to the tax imposed by section 11 may derive no income from sources within the United States. The tax imposed by section 11 is payable upon the basis of returns rendered by the corporations liable thereto, except that in some cases a tax is to be paid at the source of the income. See subchapter A of chapter 61 (sections 6001–6091, inclusive) and section 1442.

(b) The tax imposed by section 11 consists of a normal tax and a surtax. The normal tax and the surtax are both computed upon the taxable income of the corporation for the taxable year, that is, upon the gross income of the corporation minus the deductions allowed by chapter 1. However, the deduction provided in section 242 for partially tax-exempt interest is not allowed in computing the taxable income subject to the surtax.

(c) The normal tax is computed by applying to the taxable income the rate of tax in effect for the taxable year. The rates of tax applicable for the respective taxable years are as follows:

	Percent
For taxable years beginning before April 1, 1956	30
For taxable years beginning after March 31, 1956	25

(d) The surtax is at the rate of 22 percent and is upon the taxable income (computed without regard to the deduction, if any, provided in section 242 for partially tax-exempt interest) in excess of $25,000. However, in certain circumstances the $25,000 exemption from surtax may be disallowed in whole or in part. See sections 269 and 1551 and the regulations thereunder.

(e) The computation of the tax on corporations imposed under section 11 may be illustrated by the following example:

Example. The X Corporation, a domestic corporation, has gross income of $86,000 for the calendar year 1955. The gross income includes interest of $5,000 on United States obligations for which a deduction under section 242 is allowable in determining taxable income subject to the normal tax. It has other deductions of $11,000. The tax of the X Corporation under section 11 for the calendar year 1955 is $32,000 ($21,000 normal tax and $11,000 surtax) computed as follows:

Computation of Normal Tax

Gross income		$86,000
Deductions:		
Partially tax-exempt interest	$5,000	
Other	11,000	16,000
Taxable income		70,000
Normal tax (30 percent of $70,000)		21,000

Computation of Surtax

Taxable income	$70,000
Add: Amount of partially tax-exempt interest deducted in computing taxable income	5,000
Taxable income subject to surtax	75,000
Less: Exemption from surtax	25,000
Excess of taxable income subject to surtax over exemption	50,000
Surtax (22 percent of $50,000)	11,000

(f) For special rules applicable to foreign corporations engaged in trade or business within the United States, see section 882 and the regulations thereunder. For additional tax on personal holding companies, see part II of subchapter G (section 541 and following) and the regulations thereunder. For additional tax on corporations improperly accumulating surplus, see part I of

subchapter G (section 531 and following) and the regulations thereunder. For treatment of China Trade Act corporations, see sections 941 and 942 and the regulations thereunder. For treatment of Western Hemisphere trade corporations, see sections 921 and 922 and the regulations thereunder. For treatment of capital gains and losses, see subchapter P of chapter 1 (sections 1201–1241, inclusive) For computation of the tax for a taxable year during which a change in the tax rates occurs, see section 21 and the regulations thereunder.

§ 1.12 *Statutory provisions; cross references relating to tax on corporations.*

SEC. 12. *Cross references relating to tax on corporations.* (1) For tax on the unrelated business income of certain charitable and other corporations exempt from tax under this chapter, see section 511.

(2) For accumulated earnings tax and personal holding company tax, see parts I and II of subchapter G (sec. 531 and following).

(3) For doubling of tax on corporations of certain foreign countries, see section 891.

(4) For alternative tax in case of capital gains, see section 1201 (a).

(5) For rate of withholding in case of foreign corporations, see section 1442.

(6) For withholding of tax on tax-free covenant bonds, see section 1451.

(7) For limitation on the $25,000 exemption from surtax provided in section 11 (c), see section 1551.

(8) For additional tax for corporations filing consolidated returns, see section 1503.

CHANGES IN RATES DURING A TAXABLE YEAR

§ 1.21 *Statutory provisions; effect of changes.*

SEC. 21. *Effect of changes*—(a) *General rule.* If any rate of tax imposed by this chapter changes, and if the taxable year includes the effective date of the change (unless that date is the first day of the taxable year), then—

(1) Tentative taxes shall be computed by applying the rate for the period before the effective date of the change, and the rate for the period on and after such date, to the taxable income for the entire taxable year; and

(2) The tax for such taxable year shall be the sum of that proportion of each tentative tax which the number of days in each period bears to the number of days in the entire taxable year.

(b) *Repeal of tax.* For purposes of subsection (a)—

(1) If a tax is repealed, the repeal shall be considered a change of rate; and

(2) The rate for the period after the repeal shall be zero.

(c) *Effective date of change.* For purposes of subsections (a) and (b)—

(1) If the rate changes for taxable years "beginning after" or "ending after" a certain date, the following day shall be considered the effective date of the change; and

(2) If a rate changes for taxable years "beginning on or after" a certain date, that date shall be considered the effective date of the change.

(d) *Taxable years beginning before January 1, 1954, and ending after December 31, 1953.* In the case of a taxable year beginning before January 1, 1954, and ending after December 31, 1953—

(1) Subsection (a) of this section does not apply; and

(2) In the application of subsection (j) of section 108 of the Internal Revenue Code of 1939, the provisions of such code referred to in such subsection shall be considered as continuing in effect as if this subtitle had not been enacted.

§ 1.21–1 *Changes in rate during a taxable year.* (a) Section 21 applies to all taxpayers, including individuals and corporations. It provides a general rule applicable in any case where (1) any rate of tax imposed by chapter 1 upon the taxpayer is increased or decreased, or any such tax is repealed, and (2) the taxable year includes the effective date of the change, except where that date is the first day of the taxable year. Thus, for example, the normal tax on corporations is, under section 11 (b) decreased from 30 percent to 25 percent in the case of a taxable year beginning after March 31, 1956. Accordingly, the tax for a taxable year of a corporation beginning on April 1, 1956, will be computed under section 11 (b) at the new rate without regard to section 21. However, for any taxable year beginning before April 1, 1956, and ending on or after that date, the tax will be computed under section 21. For additional circumstances under which section 21 is not applicable, see § 1.21–1 (k)

(b) In any case in which section 21 is applicable, a tentative tax shall be computed by applying to the taxable income for the entire taxable year the rate for the period within the taxable year before the effective date of change, and another tentative tax shall be computed by applying to the taxable income for the entire taxable year the rate for the period within the taxable year on or after such effective date. The tax imposed on the taxpayer is the sum of—

(1) An amount which bears the same ratio to the tentative tax computed at the rate applicable to the period within the taxable year before the effective date of the change that the number of days in such period bears to the number of days in the taxable year, and

(2) An amount which bears the same ratio to the tentative tax computed at the rate applicable to the period within the taxable year on and after the effective date of the change that the number of days in such period bears to the number of days in the taxable year.

(c) If the rate of tax is changed for taxable years "beginning after" or "ending after" a certain date, the following day is considered the effective date of the change for purposes of section 21. If the rate is changed for taxable years "beginning on or after" a certain date, that date is considered the effective date of the change for purposes of section 21. This rule may be illustrated by the following examples:

Example (1). Assume that the law provides that a change in a certain rate of tax shall be effective only with respect to taxable years beginning after March 31, 1956. The effective date of change for purposes of section 21 is April 1, 1956, and section 21 must be applied to any taxable year which begins before and ends on or after April 1, 1956.

Example (2). Assume that the law provides that a change in a certain rate of tax shall be applicable only with respect to taxable years ending after March 31, 1956. For purposes of section 21, the effective date of change is April 1, 1956, and section 21 must be applied to any taxable year which begins before and ends on or after April 1, 1956.

Example (3). Assume that the law provides that a change in a certain rate of tax shall be effective only with respect to taxable years beginning on or after January 1, 1956. The effective date of change for purposes of section 21 is January 1, 1956, and section 21 must be applied to any taxable year which begins before and ends on or after January 1, 1956.

(d) If a tax is repealed, the repeal will be treated as a change of rate for purposes of section 21, and the rate for the period after the repeal (for the purpose of computing the tentative tax in respect to that period) will be considered zero. However, section 21 does not apply to the imposition of a new tax. For example, if a new tax is imposed for taxable years beginning on or after July 1, 1955, a computation under section 21 would not be required with respect to such new tax in the case of taxable years beginning before July 1, 1955, and ending on or after that date. If the effective date of the imposition of a new tax and the effective date of a change in rate of such tax fall in the same taxable year, section 21 is not applicable in computing the taxpayer's liability for such tax for such year unless the new tax is expressly imposed upon the taxpayer for a portion of his taxable year prior to the change in rate.

(e) If a husband and wife have different taxable years because of the death of either spouse, and if a joint return is filed with respect to the taxable year of each, then, for purposes of section 21, the joint return shall be treated as if the taxable years of both spouses ended on the date of the closing of the surviving spouse's taxable year. See section 6013 (c) relating to treatment of joint return after death of either spouse. Accordingly, if a change in the rate of tax is effective during the taxable year of the surviving spouse, the tentative taxes with respect to the joint return shall be computed on the basis of the number of days during which each rate of tax was in effect for the taxable year of the surviving spouse.

(f) Section 21 applies whether or not the taxpayer has a taxable year of less than 12 months. Moreover, section 21 applies whether or not the taxable income for a taxable year of less than 12 months is required to be placed on an annual basis under section 443. If the taxable income is required to be computed under section 443 (b) then the tentative taxes under section 21 are computed as provided in paragraph (1) or (2) of section 443 (b) and are reduced as provided in those paragrahs. The tentative taxes so computed and reduced are then apportioned as provided in section 21 (a) (2) to determine the tax for such taxable year as computed under section 21.

(g) If a taxpayer has made the election under section 441 (f) (relating to computation of taxable income on the basis of an annual accounting period varying from 52 to 53 weeks) the rules provided in section 441 (f) (2) shall be applicable for purposes of determining whether section 21 applies to the taxable year of the taxpayer. Where a taxpayer has made the election under section 441 (f) and where section 21 ap-

plies to the taxable year of the taxpayer the computation under section 21 (a) (2) shall be made upon the basis of the actual number of days in the taxable year and in each period thereof.

(h) (1) Section 21 is applicable only if a rate of tax imposed by chapter 1 changes. Sections in which rates of tax are specified or incorporated by reference include the following: 1, 2, 3, 11, 511, 531, 541, 871, 881, and 1201. Section 21 is not applicable with respect to changes in the law relating to deductions from gross income, exclusions from or inclusions in gross income, or other items taken into account in determining the amount or character of income subject to tax. Moreover, section 21 is not applicable with respect to changes in the law relating to credits against the tax or with respect to changes in the law relating to limitations on the amount of tax. Section 21 is applicable, however, to all those computations specified in the section providing the rate of tax which are implicit in determining the rate. For example, if one of the tax brackets in section 1 (b) (1) is changed, section 21 is applicable to that change. Thus, if the bracket relating to "over $50,000 but not over $60,000" should be changed to increase the last sum specified, with corresponding changes being made in subsequent brackets, section 21 is applicable. Another example would be if the $25,000 amount specified in section 11 (c) were changed. Even though there were no other change in section 11 (c) this change would be considered a change in rate.

(2) Ordinarily, both the old and the new rates are applied to the same amount of taxable income. However, where the rate of tax is itself taken into account in determining taxable income (for example, the special deduction for Western Hemisphere trade corporations under section 922) the taxable income used in determining the tentative tax employing the rate before the effective date of change shall be determined by reference to that rate of tax, and the taxable income for the purpose of determining the tentative tax employing the rate for the period on and after the effective date of the change shall be determined by reference to the new tax rate.

(i) If the rate of tax changes more than once during the taxable year, section 21 is applicable to each change in rate. For example, if the rate of normal tax changed for taxable years beginning on or after March 1, 1954, and changed again for taxable years beginning on or after June 1, 1954, section 21 requires computation of 3 tentative taxes for any taxable year which began before March 1, 1954, and ended on or after June 1, 1954. One tentative tax at the rate in effect before the March 1 change; another tentative tax at the rate in effect from March 1 to May 31, and a third tentative tax at the rate in effect from June 1 to the end of the taxable year. The proportion of each such tentative tax taken into account in determining the tax imposed on the taxpayer is computed by reference to the portion of the taxable year before March 1, 1954, by reference to the portion of the taxable year from March 1, 1954, through May 31, 1954, and by reference to the portion of the taxable year from June 1, 1954, to the end of the taxable year, respectively.

(j) (1) If a change in the rate of one tax imposed by chapter 1 does not affect the amount of other taxes imposed by chapter 1 the other taxes may be determined without regard to section 21 and section 21 will be applied only to the tax for which a change in rate is made. However, if the change of rate of one tax does affect the amount of other taxes imposed under chapter 1, then the computation of the taxes under chapter 1 so affected shall be made by applying section 21. For example, if section 1201 applies to an individual taxpayer for a taxable year containing the effective date of a change in a rate of tax provided in section 1, then under section 21 the taxpayer must compute a tentative tax for each period for which a different rate of tax is effective under section 1. The tentative tax for each such period as computed under section 1201 will reflect the rate of tax provided by section 1 for such period.

(2) In certain cases chapter 1 provides that the particular tax to be imposed upon the taxpayer shall be one of several taxes, the basis of selection being the tax that is greater or lesser. See, for example, sections 821 and 1201. If in any such case the rate of any one of these taxes changes then the tentative taxes computed as provided by section 21 for each period shall be computed employing the tax selected in accordance with the general rule of selection for such a case, at the rate of tax in effect for such period. Thus, if a change in the rate of the alternative tax under section 1201 is such that the alternative tax under section 1201 is applicable if the old rate is used and is not applicable if the new rate is used, one tentative tax will consist of the alternative tax under section 1201 and the other tentative tax will consist of the tax imposed by the other applicable sections of chapter 1. The two tentative taxes so computed are then prorated in accordance with section 21 (a) (2) and the sum of the proportionate amounts is the tax imposed for the taxable year under chapter 1. See the examples in paragraph (n) of this section.

(k) Section 21 does not apply in the following two situations:

(1) Section 1201 (a) (2) relating to the alternative tax for capital gains in case of a corporation, provides a different rate of tax for a taxable year beginning before April 1, 1954, than the rate of tax applicable to a taxable year beginning on or after April 1, 1954.

(2) The provisions of section 21 do not apply in the case of any taxpayer for taxable years beginning before January 1, 1954, and ending after December 31, 1953. For such taxable years, section 21 provides that section 108 (j) of the Internal Revenue Code of 1939, relating to individuals, shall continue to be applicable, and the tax shall be computed at the rate and in the manner set forth in § 39.108–1 of Regulations 118 (26 CFR, 1953 revision, 39.108–1)

(l) In computing the number of days each rate of tax is in effect during the taxable year for purposes of section 21 (a) (2) the effective date of the change in rate shall be counted in the period for which the new rate is in effect.

(m) Any credits against tax, and any limitation in any credit against tax, shall be based upon the tax computed under section 21. For credits against tax, see sections 31 to 38, inclusive.

(n) The application of section 21 may be illustrated by the following examples:

Example (1). A, an individual filing his return on a calendar year basis, has taxable income for the calendar year 1955, in the amount of $22,000 which includes $4,000 representing 50 percent of a long-term capital gain of $8,000. Assume, for the purpose of this example that there has been no change in the rates of tax as shown in the tax table under section 1 (a), but the tax on capital gains under section 1201 (b), relating to the alternative tax, has been increased from 25 percent to 35 percent and the effective date of the change in rate is July 1, 1955. The change in the rate of the capital gains tax affects a choice between the use of the tax table under section 1 and the alternative tax computation under section 1201 (b). Accordingly, the first tentative tax would consist of the alternative tax under section 1201 (b) and the second tentative tax would consist of the normal tax and surtax as computed by the use of the tax table under section 1. The income tax for the taxable year ended December 31, 1955, would be computed under section 21 as follows:

First tentative tax

Taxable income (including 50 percent of long-term capital gain)	$22,000
Less: 50 percent of long-term capital gain	4,000
Amount taxable by use of tax table under section 1	18,000
Tax on $18,000 (from tax table under section 1)	6,200
25 percent of long-term capital gain of $8,000	2,000
Total tentative tax at rates effective prior to change	8,200

Second tentative tax

Tax on $22,000 (from tax table under section 1)	8,360
Total tentative tax at rates effective on and after effective date of change	8,360

Since the effective date of the change is July 1, the old rate of tax is effective for 181 days of the taxable year and the new rate of tax is effective for 184 days of the taxable year. The tentative taxes are apportioned as follows:

181/365 of $8,200 (the first tentative tax)	$4,066.30
184/365 of $8,360 (the second tentative tax)	4,224.44
Total tax for the taxable year	8,290.74

Example (2). For purposes of this example, the following facts are assumed: The taxpayer is a corporation, its taxable year is the calendar year 1956, its taxable income for both normal tax and surtax purposes is $100,000, and it is subject to a change in the rate of the normal tax from 30 percent of taxable income to 25 percent of taxable income effective on April 1, 1956. The change in the normal tax rate applicable to the corporation does not affect the amount of any other tax applicable to the corporation under chapter 1. In such case, the tentative tax at the 30 percent rate would be $30,000, and the tentative tax at the 25 percent rate would be $25,000. The proportionate part of the tentative tax at the 30 percent rate is $7,431.69, that is, an amount

which is the same proportion of $30,000 as 91 (the number of days from January 1 to March 31, 1956, both dates inclusive) is to 366 (the total number of days in the taxable year). The proportionate part of the tentative tax at the 25 percent rate is $18,784.15, that is, an amount which is the same proportion of $25,000 as 275 (the number of days from April 1 to December 31, 1956, both dates inclusive) is to 366.

CREDITS AGAINST TAX

§ 1.31 *Statutory provisions; tax withheld on wages.*

SEC. 31. *Tax withheld on wages*—(a) *Wage withholding for income tax purposes*—(1) *In general.* The amount withheld under section 3402 as tax on the wages of any individual shall be allowed to the recipient of the income as a credit against the tax imposed by this subtitle.

(2) *Year of credit.* The amount so withheld during any calendar year shall be allowed as a credit for the taxable year beginning in such calendar year. If more than one taxable year begins in a calendar year, such amount shall be allowed as a credit for the last taxable year so beginning.

(b) *Credit for special refunds of social security tax*—(1) *In general.* The Secretary or his delegate may prescribe regulations providing for the crediting against the tax imposed by this subtitle of the amount determined by the taxpayer or the Secretary (or his delegate) to be allowable under section 6413 (c) as a special refund of tax imposed on wages. The amount allowed as a credit under such regulations shall, for purposes of this subtitle, be considered an amount withheld at source as tax under section 3402.

(2) *Year of credit.* Any amount to which paragraph (1) applies shall be allowed as a credit for the taxable year beginning in the calendar year during which the wages were received. If more than one taxable year begins in the calendar year, such amount shall be allowed as a credit for the last taxable year so beginning.

§ 1.31–1 *Credit for tax withheld on wages.* (a) The tax deducted and withheld at the source upon wages under chapter 24 (or in the case of amounts withheld in 1954, under subchapter D of chapter 9 of the Internal Revenue Code of 1939) is allowable as a credit against the tax imposed by subtitle A of the Internal Revenue Code of 1954, upon the recipient of the income. If the tax has actually been withheld at the source, credit or refund shall be made to the recipient of the income even though such tax has not been paid over to the Government by the employer. For the purpose of the credit, the recipient of the income is the person subject to tax imposed under subtitle A upon the wages from which the tax was withheld. For instance, if a husband and wife domiciled in a State recognized as a community property State for Federal tax purposes make separate returns, each reporting for income tax purposes one-half of the wages received by the husband, each spouse is entitled to one-half of the credit allowable for the tax withheld at source with respect to such wages.

(b) The tax withheld during any calendar year shall be allowed as a credit against the tax imposed by subtitle A for the taxable year of the recipient of the income which begins in that calendar year. If such recipient has more than one taxable year beginning in that calendar year, the credit shall be allowed against the tax for the last taxable year so beginning.

§ 1.31–2 *Credit for "special refunds" of employee social security tax*—(a) *In general.* (1) In the case of an employee receiving wages from more than one employer during the calendar year, amounts may be deducted and withheld as employee social security tax with respect to more than $3,600 of wages received during the calendar year 1954, and with respect to more than $4,200 of wages received during a calendar year after 1954. For example, employee social security tax may be deducted and withheld on $5,000 of wages received by an employee during a particular calendar year if the employee is paid wages in such year in the amount of $3,000 by one employer and in the amount of $2,000 by another employer. Section 6413 (c) (as amended by section 202 of the Social Security Amendments of 1954) permits, under certain conditions, a so-called "special refund" of the amount of employee social security tax deducted and withheld with respect to wages paid to an employee in a calendar year after 1954 in excess of $4,200 ($3,600 for the calendar year 1954) by reason of the employee receiving wages from more than one employer during the calendar year. For provisions relating to the imposition of the employee tax and the limitation on wages, see with respect to the calendar year 1954, sections 1400 and 1426 (a) (1) of the Internal Revenue Code of 1939 and, with respect to calendar years after 1954, sections 3101 and 3121 (a) (1) of the Internal Revenue Code of 1954, as amended by sections 208 (b) and 204 (a) respectively, of the Social Security Amendments of 1954.

(2) An employee who is entitled to a special refund of employee tax with respect to wages received during a calendar year and who is also required to file an income tax return for such calendar year (or for his last taxable year beginning in such calendar year) may obtain the benefits of such special refund only by claiming credit for such special refund in the same manner as if such special refund were an amount deducted and withheld as income tax at the source. For provisions for claiming special refunds for 1955 and subsequent years in the case of employees not required to file income tax returns, see section 6413 (c) and the regulations thereunder. For provisions relating to such refunds for 1954, see § 403.802 of Regulations 128 (26 CFR (1939) Part 403)

(3) The amount of the special refund allowed as a credit shall be considered as an amount deducted and withheld as income tax at the source under chapter 24 (or, in the case of a special refund for 1954, subchapter D of chapter 9 of the Internal Revenue Code of 1939). If the amount of such special refund when added to amounts deducted and withheld as income tax exceeds the taxes imposed by subtitle A of the Internal Revenue Code of 1954, the amount of the excess constitutes an overpayment of income tax under subtitle A, and interest on such overpayment is allowed to the extent provided under section 6611 upon an overpayment of income tax resulting from a credit for income tax withheld at source. See section 6401 (b)

(b) *Federal and State employees and employees of certain foreign corporations.* The provisions of this section shall apply to the amount of a special refund allowable to an employee of a Federal agency or a wholly owned instrumentality of the United States, to the amount of a special refund allowable to an employee of any State or political subdivision thereof (or any instrumentality of any one or more of the foregoing), and to the amount of a special refund allowable to employees of certain foreign corporations. See, with respect to such special refunds for 1954, section 1401 (d) (4) of the Internal Revenue Code of 1939, and with respect to such special refunds for 1955 and subsequent years, section 6413 (c) (2) of the Internal Revenue Code of 1954, as amended by section 202 of the Social Security amendments of 1954.

§ 1.32 *Statutory provisions; tax withheld at source on nonresident aliens and foreign corporations and on tax-free covenant bonds.*

SEC. 32. *Tax withheld at source on nonresident aliens and foreign corporations and on tax-free covenant bonds.* There shall be allowed as credits against the tax imposed by this chapter—

(1) The amount of tax withheld at source under subchapter A of chapter 3 (relating to withholding of tax on nonresident aliens and on foreign corporations), and

(2) The amount of tax withheld at source under subchapter B of chapter 3 (relating to interest on tax-free covenant bonds).

§ 1.33 *Statutory provisions; taxes of foreign countries and possessions of the United States.*

SEC. 33. *Taxes of foreign countries and possessions of the United States.* The amount of taxes imposed by foreign countries and possessions of the United States shall be allowed as a credit against the tax imposed by this chapter to the extent provided in section 901.

§ 1.34 *Statutory provisions; dividends received by individuals.*

SEC. 34. *Dividends received by individuals*—(a) *General rule.* Effective with respect to taxable years ending after July 31, 1954, there shall be allowed to an individual, as a credit against the tax imposed by this subtitle for the taxable year, an amount equal to 4 percent of the dividends which are received after July 31, 1954, from domestic corporations and are included in gross income.

(b) *Limitation on amount of credit.* The credit allowed by subsection (a) shall not exceed whichever of the following is the lesser:

(1) The amount of the tax imposed by this chapter for the taxable year, reduced by the credit allowable under section 33 (relating to foreign tax credit); or

(2) The following percent of the taxable income for the taxable year:

(A) 2 percent, in the case of a taxable year ending before January 1, 1955.

(B) 4 percent, in the case of a taxable year ending after December 31, 1954.

(c) *No credit allowed for dividends from certain corporations.* Subsection (a) shall not apply to any dividend from—

(1) An insurance company subject to a tax imposed by part I or II of subchapter L (sec. 801 and following);

(2) A corporation organized under the China Trade Act, 1922 (see sec. 941), or

(3) A corporation which, for the taxable year of the corporation in which the distribution is made, or for the next preceding taxable year of the corporation, is—

(A) A corporation exempt from tax under section 501 (relating to certain charitable, etc., organizations) or section 521 (relating to farmers' cooperative associations) · or

(B) A corporation to which section 931 (relating to income from sources within possessions of the United States) applies.

(d) *Special rules for certain distributions.* For purposes of subsection (a)—

(1) Any amount allowed as a deduction under section 591 (relating to deduction for dividends paid by mutual savings banks, etc.) shall not be treated as a dividend.

(2) A dividend received from a regulated investment company shall be subject to the limitations prescribed in section 854.

(e) *Certain nonresident aliens ineligible for credit.* No credit shall be allowed under subsection (a) to a nonresident alien individual with respect to whom a tax is imposed for the taxable year under section 871 (a).

(f) *Cross references.* (1) For exclusion of certain dividends from gross income, see section 116.

(2) For special rules relating to the credit provided by subsection (a), see sections 642 (trusts and estates), 702 (partnerships) and 584 (common trust funds).

(3) For disallowance of credit where tax is computed by Secretary or his delegate, see section 6014.

§ 1.34–1 *Credit against tax and exclusion from gross income in case of dividends received by individuals*—(a) *In general.* (1) Section 34 provides a credit against the income tax of an individual for certain dividends received after July 31, 1954. The credit, subject to the limitations provided in section 34 (b) is equal to 4 percent of the dividends received. The credit is allowable with respect to dividends received in any taxable year ending after July 31, 1954. The credit applies only to dividends which are received from domestic corporations and which are included in the gross income of the taxpayer. Section 116 provides for the exclusion from gross income of the first $50 of certain dividends received by an individual. See § 1.116–1. In determining which dividends are entitled to the credit against income tax provided by section 34, the exclusion from gross income provided in section 116 is applied to the first dividends received in the taxable year. Since the exclusion applies to dividends received at any time during a taxable year ending after July 31, 1954, dividends received before August 1, 1954, may be taken into account in determining the exclusion from gross income under section 116 but do not constitute dividends for which a credit is allowed.

(2) The application of section 34 (without regard to the limitations provided in section 34 (b)) may be illustrated by the following example:

Example. A, an individual who makes his return on the basis of the calendar year, receives in the year 1954 the following dividends: $100 on March 1, $100 on June 1, $100 on September 1, and $100 on December 1. $50 of the dividends received by A on March 1, 1954, is excluded from gross income under section 116. The balance of the dividends received in 1954, amounting to $350, is includible in the gross income of A. Subject to the limitation in section 34 (b) a credit of $8 is allowed under section 34 (4 percent of $200, the amount of the dividends received after July 31, 1954, that is, $100 received on September 1, 1954, and $100 received on December 1, 1954).

(b) *Tax credit.* The credit is used to reduce the tax imposed by subtitle A of the Internal Revenue Code of 1954, including the alternative tax under section 1201 in the case of capital gains and the self-employment tax under chapter 2 of the Internal Revenue Code of 1954; however, it may not be used by the taxpayer as a credit against penalties, additions to the tax, or interest on delinquent taxes.

(c) *Joint return of husband and wife.* (1) In the case of a joint return the credit is determined on the basis of the dividends received by both the husband and wife after taking into account the exclusion allowed by section 116. See § 1.116–1. The credit is allowable in the case of a joint return on account of the dividends received by each spouse without regard to whether the spouse would be liable for the tax imposed by subtitle A if the joint return had not been filed. However, the limitations on amount of credit in section 34 (b) are determined by reference to the tax and the credit under section 33 required to be shown on the joint return and to the combined taxable income of husband and wife. For this purpose, it makes no difference whether the tax, the credit, or the taxable income is attributable to one or the other spouse. If both the husband and wife are entitled to the credit, their combined credit shall not exceed the amount so computed.

(2) The application of subparagraph (1) of this paragraph may be illustrated by the following examples:

Example (1). H and W, husband and wife, make a joint return for the calendar year 1954. The only dividend received by either of them during the year is a dividend received by H on September 1 in the amount of $400. Subject to the limitations of section 34 (b), the credit amounts to $14 (4 percent of $350, the dividends included in gross income after allowance of the exclusion of $50 under section 116).

Example (2). The facts are the same as in example (1) except that W also received a dividend on September 1 of $30. Since this dividend (being less than the maximum amount allowable as an exclusion under section 116 (a)) is excluded from W's gross income, it does not affect the computation of the tax credit and the tax credit is the same as in example (1).

Example (3). H and W, husband and wife, make a joint return for the calendar year 1954. H and W each received a $400 dividend on September 1, 1954, and these were the only dividends received by them in 1954. Since H and W may each exclude $50 of the dividends received by them, $700 of dividend income is included in gross income. Subject to the limitations in section 34 (b), the credit against the tax of H and W amounts to $28 (4 percent of $700).

(d) *Individuals receiving dividends.* Where two or more persons hold stock as tenants in common, as joint tenants, or as tenants by the entirety, the dividends received with respect to such stock shall be considered as being received by each tenant to the extent that he is entitled under local law to a share of such dividends. Where dividends constitute community property under local law each spouse shall be considered as receiving one-half of such dividends.

(e) *Time dividends are received.* In cases where it is necessary to determine the time of receipt of dividends, the rules established to determine in which taxable year dividends must be included in gross income apply, including the rules relating to constructive receipt. See section 451 and regulations thereunder.

§ 1.34–2 *Limitations on amount of credit.* (a) Under section 34 (b) the credit may not exceed the lesser of either—

(1) The amount of the tax imposed by chapter 1 for the taxable year reduced by the foreign tax credit allowable under section 33, or

(2) Whichever of the following is applicable:

(i) In the case of a taxable year ending before January 1, 1955, 2 percent of the taxable income for such taxable year;

(ii) In the case of a taxable year ending after December 31, 1954, 4 percent of the taxable income for such taxable year.

Where the alternative tax on capital gains is imposed under section 1201 (b) the taxable income for such taxable year is the taxable income reduced as provided in section 1201 (b) (1).

(b) The application of the limitations in paragraph (a) of this section may be illustrated by the following example:

Example. Assume the following facts in the case of an individual whose taxable year is the calendar year:

1954

Computation of tax liability without regard to the dividend received credit:

(1)	Gross income	$7,500
(2)	Deductions	2,900
(3)	Taxable income	4,600
(4)	Income tax liability	996
(5)	Foreign tax credit	16
(6)	Income tax liability minus foreign tax credit	980

Computation of limitation under section 34 (b) (1)

(7)	Dividends for which credit is allowable	$2,500
(8)	Dividends received credit under section 34 (a); (2,500×0.04)	100
(9)	Dividends received credit, as limited by section 34 (b) (1); (item (6) or item (8) whichever is lesser)	100

Computation of limitation under section 34 (b) (2)

(10)	Taxable income	$4,600
(11)	Dividends received credit under section 34 (b) (2) · (4,600×0.02)	92

Dividends received credit allowable:

Item (6), item (9), or item (11), whichever is lesser	$92

1955

Computation of tax liability without regard to the dividend received credit:

(12)	Gross income	$7,500
(13)	Deductions	2,900
(14)	Taxable income	4,600
(15)	Income tax liability	996
(16)	Foreign tax credit	816
(17)	Income tax liability minus foreign tax credit	180

Computation of limitation under section 34 (b) (1)

(18) Dividends for which credit is allowable	$2,500
(19) Dividends received credit under section 34 (a); (2,500×0.04)	100
(20) Dividends received credit as limited by section 34 (b) (1); (item (17) or item (19) whichever is lesser)	100

Computation of limitation under section 34 (b) (2)

(21) Taxable income	$4,600
(22) Dividends received credit under section 34 (b) (2); (4,600×0.04)	184

Dividends received credit allowable:

Item (17), item (19), or item (22), whichever is lesser	$100

§ 1.34–3 *Dividends to which the credit and exclusion apply*—(a) *General rule.* The credit under section 34 and the exclusion under section 116 apply only to distributions of property defined as dividends by section 316. Thus, the credit and the exclusion are not allowed with respect to patronage dividends paid by either exempt or taxable farm cooperatives. Nor are they allowed for distributions to nonstockholding policyholders by an insurance company having shares of stock or for any distribution by a mutual insurance company. See paragraph (b) of this section for an additional restriction with respect to stock life insurance companies. The credit and the exclusion are, however, allowed with respect to dividends paid on capital stock by nonexempt cooperatives and with respect to dividends paid on capital stock by building and loan associations. The credit and the exclusion are allowed with respect to distributions from any organization taxed as a corporation if the distribution falls within the definition of a dividend in section 316.

(b) *Dividends from certain corporations.* (1) Section 34 (c) and (d) contains further restrictions on the type of distributions which are treated as dividends for purposes of the credit and the exclusion. Thus, no credit or exclusion is applicable with respect to dividends received from a corporation organized under the China Trade Act, 1922; from stock life insurance companies; from corporations which during their taxable year of the distribution or their preceding taxable year were corporations to which section 931 applies (relating to income from sources within possessions of the United States) from corporations which during the taxable year of the distribution or the preceding taxable year are corporations exempt from tax either under section 501, relating to charitable organizations, or under section 521, relating to farmers' cooperative associations.

(2) So-called dividends paid by mutual savings banks, cooperative banks, and building and loan associations which are allowed as a deduction under section 591 are ineligible for the credit and exclusion.

(3) For special rules as to the limitation on the amount of dividends for which a credit and exclusion are allowable in the case of dividends paid by a regulated investment company, see section 854 and the regulations thereunder.

§ 1.34–4 *Taxpayers not entitled to credit and exclusion.* (a) The credit or exclusion is not available to nonresident aliens to whom section 871 (a) applies. If the taxpayer elects under section 6014 to have the Government compute his tax, the credit is not taken into account in such computation although the taxpayer is allowed the exclusion under section 116.

(b) For treatment of dividends received by estates or trusts, and the allocation of such dividends between an estate or trust and the beneficiary thereof, see sections 642, 652, and 662 and the regulations thereunder.

(c) For treatment of dividends received by a partnership see section 702 and the regulations thereunder.

(d) For treatment of dividends received by a common trust fund, see section 584 and the regulations thereunder.

§ 1.34–5 *Effective date; taxable years ending after July 31, 1954, subject to the Internal Revenue Code of 1939.* Pursuant to section 7851 (a) (1) (C), the regulations prescribed in §§ 1.34–1 to 1.34–4, inclusive, shall also apply to taxable years beginning before January 1, 1954, and ending after July 31, 1954, and to taxable years beginning after December 31, 1953, and ending after July 31, 1954, but before August 17, 1954, though such years are subject to the Internal Revenue Code of 1939.

§ 1.35 *Statutory provisions; partially tax-exempt interest received by individuals.*

SEC. 35. *Partially tax-exempt interest received by individuals*—(a) *In general.* There shall be allowed to an individual, as a credit against the tax imposed by this subtitle for the taxable year, an amount equal to 3 percent of the amount received as interest on obligations of the United States or on obligations of corporations organized under Act of Congress which are instrumentalities of the United States, but only if—

(1) Such interest is included in gross income; and

(2) Such interest is exempt from normal tax under the Act authorizing the issuance of such obligations.

(b) *Limitation on amount of credit.* The credit allowed by subsection (a) shall not exceed whichever of the following is the lesser:

(1) The amount of the tax imposed by this chapter for the taxable year, reduced by the sum of the credits allowable under sections 33 and 34, or

(2) 3 percent of the taxable income for the taxable year.

(c) *Cross reference.* For reduction of credit under this section on account of amortizable bond premium, see section 171.

§ 1.35–1 *Partially tax-exempt interest received by individuals.* (a) The credit against tax under section 35 shall be allowed only to individuals and if the requirements of both paragraphs (1) and (2) of section 35 (a) are met.

(b) For the treatment of partially tax-exempt interest in the case of amounts not allocable to any beneficiary of an estate or trust, see section 642 (a) (1), and for treatment of amounts allocable to a beneficiary, see sections 652 and 662. For treatment of partially tax-exempt interest received by a partnership, see section 702 (a) (7) For treatment of such interest received by a common trust fund, see section 584 (c) (2)

(c) The application of section 35 may be illustrated by the following example:

Example. In his taxable year, 1955, A received $4,500 of partially tax-exempt interest. A's taxable income is $4,000 upon which the tax prior to any credits against tax is $840. His foreign tax credit under section 33 is $610, and his dividends received credit under section 34 is $120. A's credit under section 35 for partially tax-exempt interest is $110, determined as follows:

Section 35 (a)

Partially tax-exempt interest	$4,500
Credit computed under section 35 (a); 3 percent of $4,500	135

Section 35 (b) (1)

Tax imposed by chapter 1		$840
Less:		
Credit allowed under section 33	$610	
Credit allowed under section 34	120	
		730
Limitation on credit under section 35 (b) (1)		110

Section 35 (b) (2)

Taxable income	4,000
Limitation on credit under section 35 (b) (2); 3 percent of $4,000	120

Since of the three figures ($135, $110 and $120), the lesser is $110, A's credit under section 35 is limited to $110.

§ 1.36 *Statutory provisions; credits not allowed to individuals paying optional tax or taking standard deduction.*

SEC. 36. *Credits not allowed to individuals paying optional tax or taking standard deduction.* If an individual elects to pay the optional tax imposed by section 3, or if he elects under section 144 to take the standard deduction, the credits provided by sections 32, 33, and 35 shall not be allowed.

§ 1.37 *Statutory provisions; retirement income.*

SEC. 37. *Retirement income*—(a) *General rule.* In the case of an individual who has received earned income before the beginning of the taxable year, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the amount received by such individual as retirement income (as defined in subsection (c) and as limited by subsection (d)), multiplied by the rate provided in section 1 for the first $2,000 of taxable income; but this credit shall not exceed such tax reduced by the credits allowable under section 32 (2) (relating to tax withheld at source on tax-free covenant bonds), section 33 (relating to foreign tax credit), section 34 (relating to credit for dividends received by individuals), and section 35 (relating to partially tax exempt interest).

(b) *Individual who has received earned income.* For purposes of subsection (a), an individual shall be considered to have received earned income if he has received, in each of any 10 calendar years before the taxable year, earned income (as defined in subsection (g)) in excess of $600. A widow or widower whose spouse had received such earned income shall be considered to have received earned income.

(c) *Retirement income.* For purposes of subsection (a), the term "retirement income" means—

(1) In the case of an individual who has attained the age of 65 before the close of the taxable year, income from—

(A) Pensions and annuities,

(B) Interests,

(C) Rents, and

(D) Dividends, or

(2) In the case of an individual who has not attained the age of 65 before the close of the taxable year, income from pensions and annuities under a public retirement system (as defined in subsection (f)),

to the extent included in gross income without reference to this section, but only to the extent such income does not represent compensation for personal services rendered during the taxable year.

(d) *Limitation on retirement income.* For purposes of subsection (a), the amount of retirement income shall not exceed $1,200 less—

(1) In the case of any individual, any amount received by the individual as a pension or annuity—

(A) Under title II of the Social Security Act,

(B) Under the Railroad Retirement Acts of 1935 or 1937, or

(C) Otherwise excluded from gross income, and

(2) In the case of any individual who has not attained the age of 75 before the close of the taxable year, any amount of earned income (as defined in subsection (g)) in excess of $900 received by the individual in the taxable year.

(e) *Rule for application of subsection (d) (1).* Subsection (d) (1) shall not apply to any amount excluded from gross income under section 72 (relating to annuities), 101 (relating to life insurance proceeds), 104 (relating to compensation for injuries or sickness), 105 (relating to amounts received under accident and health plans), 402 (relating to taxability of beneficiary of employee's trust), or 403 (relating to taxation of employee annuities).

(f) *Public retirement system defined.* For purposes of subsection (c) (2), the term "public retirement system" means a pension, annuity, retirement, or similar fund or system established by the United States, a State, a Territory, a possession of the United States, any political subdivision of any of the foregoing, or the District of Columbia; except that such term does not include a fund or system established by the United States for members of the Armed Forces of the United States.

(g) *Earned income defined.* For purposes of subsections (b) and (d) (2), the term "earned income" has the meaning assigned to such term in section 911 (b), except that such term does not include any amount received as a pension or annuity.

(h) *Nonresident alien ineligible for credit.* No credit shall be allowed under subsection (a) to any nonresident alien.

(i) *Cross reference.* For disallowance of credit where tax is computed by Secretary or his delegate, see section 6014 (a).

§ 1.37–1 *Allowance of credit for retirement income.* (a) Section 37 provides a credit against the tax imposed by chapter 1 of the Internal Revenue Code of 1954 in the case of an individual who receives in the taxable year retirement income as defined in section 37 (c) and who meets the eligibility requirements of section 37 (b) The amount of the credit is determined by multiplying the amount of retirement income, as limited by section 37 (d) by the rate of tax applicable under section 1 to the first $2,000 of taxable income. Thus, if the retirement income is $1,000, the retirement income credit so computed is, at the present tax rate for the first $2,000 of taxable income, 20 percent of $1,000, or $200. The credit cannot exceed, however, the tax imposed by chapter 1, reduced by the credits enumerated in section 37 (a)

(b) Section 37 (d) provides that the amount of retirement income with respect to which the retirement income credit is allowable can in no event exceed $1,200. Thus, the maximum credit for an individual cannot exceed $240 so long as section 1 provides a 20 percent rate for the first $2,000 of taxable income. If section 1 should be amended to change this rate, the amount of the credit and the maximum amount of credit would be changed accordingly.

(c) (1) Section 37 (a) provides that the amount of the retirement income credit shall not be greater than the excess of the individual's tax under chapter 1 for the taxable year over the sum of his credits against tax under section 32 (2) (relating to tax withheld at source on tax-free covenant bonds) section 33 (relating to foreign tax credit) section 34 (relating to credit for dividends received by individuals) and section 35 (relating to partially tax-exempt interest) Thus, when the individual's tax liability is computed without regard to his credit under section 31 for income tax withheld at source on his wages, the retirement income credit is the last credit allowable against such tax liability, and may not exceed the amount of such liability. Accordingly, the retirement income credit cannot cause an overpayment of tax except to the extent that the overpayment is due to the credit under section 31 for income tax withheld at the source on wages.

(2) The application of subparagraph (1) of this paragraph may be illustrated by the following example:

Example. Assume that the individual has a retirement income credit of $240 before applying the limitation in section 37 (a), and has the tax liability shown in (i) below, and the credits shown in (ii) and (vi).

(i) Tax under chapter 1	$300
(ii) Sum of credits allowable under sections 32 (2), 33, 34, and 35	100
(iii) Tax reduced by credits in (ii)	200
(iv) Retirement income credit under section 37 (a) ($240 or $200 whichever is lesser)	200
(v) Tax under chapter 1 as further reduced by credit in (iv)	0
(vi) Credit for tax withheld at source on wages under section 31	35
(vii) Overpayment of tax	35

(d) (1) (i) In the case of a joint return of husband and wife, a separate determination is made with respect to the eligibility of each spouse for the retirement income credit, and (with the exceptions described in subdivision (ii) of this subparagraph) the retirement income credit of each spouse eligible for such credit is separately computed.

(ii) The retirement income credit is allowable in the case of a joint return on account of the retirement income of each spouse without regard to whether the spouse would be liable for the tax imposed by chapter 1 if the joint return had not been filed. For example, if the wife's only income consists of $500 of retirement income, and if she is eligible for the credit, the retirement income credit is allowable with respect to such retirement income in case a joint return is filed. However, the limitation in section 37 (a) on the amount of the credit is determined by reference to the tax and the credits under sections 32 (2) 33, 34, and 35, required to be shown on the joint return. For this purpose, it makes no difference whether the tax or the credits are attributable to one or the other spouse. If both the husband and wife are entitled to a retirement income credit, their combined retirement income credit shall not exceed the amount so computed.

(2) The application of subparagraph (1) of this paragraph may be illustrated by the following examples:

Example (1). Assume the same facts as in the example in paragraph (c) of this section, except that the return is a joint return, the retirement income credit is based on the retirement income of the husband only, the wife has no retirement income, and 90 percent of the amount shown as the tax under chapter 1 and the credits under sections 31, 32 (2), 33, 34, and 35 are attributable to the wife. The retirement income credit on the joint return is limited to $200, computed in exactly the same manner as shown in the example in paragraph (c) of this section.

Example (2). Assume the same facts as in example (1) above, except that in addition the wife has a retirement income credit of $160 computed before applying the limitation in section 37 (a). Accordingly, the combined retirement income credit without regard to the limitation in section 37 (a) is the sum of $240 and $160, or $400. The combined retirement income credit allowable on the joint return after applying the limitation in section 37 (a) is $200, computed in exactly the same manner as shown in the example in paragraph (c) of this section.

(e) If retirement income constitutes community income under community property laws applicable to such income, the retirement income credit of each spouse shall be separately computed by taking into account one-half of such amounts. If the husband and wife file a joint return, the limitation in section 37 (a) on the amount of the combined retirement income credit is determined in the manner provided in paragraph (d) of this section. See § 1.37–2 for eligibility requirements that must be met by each spouse.

(f) If the taxpayer elects under section 6014 to have the Government compute his tax, the retirement income credit is not taken into account in such computation.

§ 1.37–2 *Eligibility for retirement income credit.* (a) In order to be eligible for the retirement income credit, section 37 (b) provides that the taxpayer must have received earned income in excess of $600 during each of any 10 calendar years preceding the taxable year. For the purposes of section 37 (b) and section 37 (d) (2) the term "earned income" has the same meaning as in section 911 (b) except that earned income does not include any amount received as a pension or annuity. See section 911 (b) and the regulations thereunder. Section 911 (b) provides, in general, that earned income includes wages, salaries, professional fees, and other amounts received as compensation for personal services actually rendered. For the purposes of section 37 (b) and section 37 (d) (2) earned income means the entire

amount of such income and shall not be reduced by any expenses connected with the earning of such income. Also, for such purposes, income earned by either spouse which constitutes community income under community property laws applicable to such income shall be treated as earned income received one-half by each spouse.

(b) An individual who is a nonresident alien at any time during the taxable year is not eligible for the retirement income credit for such taxable year.

(c) For purposes of determining eligibility, the 10 calendar years must occur before the beginning of the taxable year for which the credit is allowable. If the taxable year is a fiscal year, the calendar year in which such taxable year begins may not be included as one of the 10 calendar years. The 10 calendar years need not immediately precede the taxable year, need not be consecutive, and need not include years subject to the income tax laws. The 10 calendar years may include years for which the taxpayer was exempt from income tax, and may include years for which the taxpayer was not required to file an income tax return or had no income subject to tax, for example, a calendar year during which the individual's income was less than his personal exemption, or a calendar year for which an individual's earned income was excluded from gross income under section 911 (a) or the corresponding provisions of prior revenue laws.

(d) (1) If a husband or wife dies, the earned income which the deceased spouse received in any calendar year shall be treated as earned income of the surviving spouse for such calendar year for purposes of determining the eligibility of the surviving spouse for the retirement income credit. Thus, in any case in which the deceased spouse was eligible for the retirement income credit before his death, the surviving spouse will be deemed to meet the requirement of having earned income of more than $600 for 10 calendar years preceding the taxable year.

(2) An example of the application of the rule with respect to earned income of a surviving spouse is as follows:

Example. The only earned income of the deceased spouse and the surviving spouse was as follows:

Calendar year	Earned income of deceased spouse	Actual earned income of surviving spouse	Earned income of surviving spouse for purpose of section 37 (b)
(1) 1940	$650	----------	$650
(2) 1942	800	----------	800
(3) 1943	900	----------	900
(4) 1944	650	----------	650
(5) 1946	650	----------	650
(6) 1948	400	$300	700
(7) 1950	600	800	1,400
(8) 1951	----------	800	800
(9) 1952	----------	650	650
(10) 1954	----------	650	650

(e) For the purpose of the rule described in paragraph (d) of this section, it makes no difference when the deceased spouse received the earned income. For example, the surviving spouse is treated as receiving earned income for every year in which the deceased spouse received such income, even though they were not yet married. Furthermore, for purposes of this rule, the earned income received by the deceased spouse during the calendar year in which he died is treated as the earned income of the surviving spouse for such calendar year.

(f) If an individual has married more than once, the status of the individual as a surviving spouse is, for purposes of section 37 (b) and of the rule described in paragraph (d) of this section, determined only by reference to his most recent marriage. An individual is not a surviving spouse of a decedent if they were divorced. If the surviving spouse remarries, he may not determine his eligibility for the retirement income credit for the taxable year in which he remarries or for any subsequent taxable year by treating the earned income of the decedent as his own earned income. If his second spouse dies and the taxpayer does not again remarry, he may apply the rule described in paragraph (d) of this section with respect to his second deceased spouse only. If the second marriage is terminated by divorce rather than by death of the spouse, the taxpayer does not regain the status of being a surviving spouse of the first deceased spouse.

§ 1.37-3 *Retirement income*—(a) *Inclusions in retirement income*—(1) *General rule.* Income which may be treated as the retirement income of an individual who is 65 years of age or older at the close of the taxable year is determined under section 37 (c) (1) If the individual has not attained the age of 65 at the close of the taxable year, his retirement income for the taxable year is determined under section 37 (c) (2) See paragraph (b) of this section for the exclusion from retirement income of certain portions of the income described in paragraph (1) or (2) of section 37 (c) whichever is applicable to the individual. See also section 37 (d) and § 1.37-4 for limitations on the amount of retirement income with respect to which the retirement income credit is computed.

(2) *Individuals 65 or over at the close of taxable year* In the case of individuals who have attained the age of 65 before the close of the taxable year, retirement income consists of income from pensions and annuities, interest, rents, and dividends, to the extent that such income is includible in gross income. Pensions and annuities include (but are not limited to) amounts received as such under a public retirement system or under a retirement system established for members of the Armed Forces of the United States. For the purpose of section 37 (c) (1) income from rents shall be the gross amount received, not reduced by depreciation or other expenses. Retirement income does not include royalties as distinguished from rents.

(3) *Individuals under 65 at close of taxable year* In the case of individuals who have not attained the age of 65 before the close of the taxable year, retirement income consists only of income received as pensions and annuities from a public retirement system; that is, income from a pension, annuity, retirement, or similar fund or system established by the United States (other than for members of the Armed Forces of the United States) a State or Territory, a possession of the United States, any political subdivision of any of the foregoing, or the District of Columbia.

(b) *Exclusion from retirement income*—(1) *Compensation for personal services rendered during taxable year.* Retirement income may not include any amount representing compensation for personal services rendered during the taxable year. For this purpose, amounts received as a pension shall not be treated as representing compensation for personal services rendered during the taxable year if the period of service during the taxable year is not substantial when compared with the total years of services. For example, an individual on the calendar year basis retires on November 30 after 5 years of service and receives a pension during the remainder of his taxable year. The pension is not treated as representing compensation for personal services rendered during such taxable year merely because it is paid by reason of the services of the individual for a period of 5 years which includes a portion of the taxable year. In the case of amounts received for board and lodging, the portion of the amount received for board may not be included in retirement income.

(2) *Amounts not includible in gross income.* Retirement income may not include any amount not includible in the gross income of the individual for the taxable year. For example, if a portion of an annuity is excluded from gross income under section 72, relating to annuities, that portion of the annuity is not retirement income; similarly, the portion of dividend income excluded from gross income under section 116, relating to the partial exclusion of dividends received by individuals, is not retirement income.

§ 1.37-4 *Limitation on amount of retirement income.* (a) Section 37 (d) provides a limitation on the amount of retirement income with respect to which the retirement income credit is allowable. Such credit is computed on the amount of retirement income, as defined in section 37 (c) but on not more than the amount determined as the limitation provided by section 37 (d). In any event, the maximum amount of retirement income with respect to which the retirement income credit is allowable is $1,200. The limitation provided by section 37 (d) is determined by subtracting from $1,200 the sum of the amounts received during the taxable year as—

(1) A pension or annuity under Title II of the Social Security Act;

(2) A pension or annuity under the Railroad Retirement Acts of 1935 or 1937;

(3) Any other pension or annuity which is excludable from gross income, such as pensions received under laws relating to veterans; and

(4) In the case of an individual who has not attained the age of 75 before the close of the taxable year, earned income in excess of $900.

(b) In determining the limitation of section 37 (d) the following additional rules shall be applicable:

(1) No reduction shall be made on account of any amounts excluded from gross income because of the application of section 72 (relating to annuities) section 101 (relating to life insurance proceeds), section 104 (relating to compensation for injuries or sickness) section 105 (relating to amounts received under accident and health plans) section 402 (relating to taxability of beneficiary of employees' trust) or section 403 (relating to taxation of employee annuities)

(2) No reduction for earned income shall be made in the case of an individual who has attained the age of 75 before the close of his taxable year.

(3) The term "earned income" has the same meaning as in § 1.37–2 (a)

(4) Where the amounts designated in paragraph (a) (1) to (4) of this section are treated as community income under community property laws applicable with respect to such income, such amounts shall be treated as received one-half by each spouse.

(5) In no event can the sum of the amounts designated in paragraph (a) (1) to (4) of this section reduce the amount of the retirement income, or the credit with respect thereto, to less than zero.

(c) The determination of the limitation of section 37 (d) may be illustrated by the following example:

Example. If an individual eligible for the retirement income credit, age 70, receives as his only income during his taxable year, $200 of interest and $1,700 as compensation for personal services rendered by him during the year, such individual is entitled to a retirement income credit computed on the $200 of interest. The limitation of section 37 (d) is determined by subtracting from $1,200, $800, the amount of earned income in excess of $900. Since the limitation is thus $400, the credit is computed on the entire amount of retirement income (the interest item of $200). However, if the individual had received interest in excess of $400, the retirement income credit would have been computed on only $400.

§ 1.37–5 *Illustration of application of section 37* The application of section 37 may be illustrated by the following example:

Example. Assume that an individual eligible for the retirement income credit, 70 years of age, unmarried, using the standard deduction, has the following items of income for the calendar year 1954:

Dividend income received after July 31, 1954 (of which $50 is excluded from gross income under section 116)	$750
Pension under the Railroad Retirement Act of 1937 (entirely excluded from gross income)	600
Disability payments under a workmen's compensation act (entirely excluded from gross income under section 104)	400
Rental income	600
Earned at odd jobs	1,300

First, the taxpayer must compute his tax before the credit, as follows:

Adjusted gross income ($700 dividend income + $600 rental income + $1,300 earned income	$2,600.00
Less standard deduction	$260.00
Taxable income before personal deduction	2,340.00
Less personal deduction	1,200.00
Taxable income	1,140.00
Tax rate	×.20
Tax before any credit	228.00
Less dividend received credit under section 34	22.80
Tax before retirement income credit	205.20

Next, the taxpayer must compute his retirement income credit as follows:

Retirement income includes—	
Dividend income	$700
Rental income	600
Total retirement income	1,300

But the limitations in section 37 (d) provide that this amount may not exceed a maximum amount determined as follows:

Maximum amount (before reduction)	$1,200
Less railroad retirement pension	600
	600
Less earned income in excess of $900	400
Amount of retirement income upon which the credit is computed	200

The retirement income credit is computed by applying the 20 percent rate to the maximum amount of retirement income reduced by the railroad retirement pension and the earned income in excess of $900, as follows:

Maximum amount of retirement income as reduced above	$200.00
20 percent rate	.20
Retirement income credit	40.00

§ 1.38 *Statutory provisions; overpayments of tax.*

SEC. 38. *Overpayments of tax.* For credit against the tax imposed by this subtitle for overpayments of tax, see section 6401.

ITEMS SPECIFICALLY EXCLUDED FROM GROSS INCOME

§ 1.116 *Statutory provisions; partial exclusion of dividends received by individuals.*

SEC. 116. *Partial exclusion of dividends received by individuals*—(a) *Exclusion from gross income.* Effective with respect to any taxable year ending after July 31, 1954, gross income does not include amounts received by an individual as dividends from domestic corporations, to the extent that the dividends do not exceed $50. If the dividends received in a taxable year exceed $50, the exclusion provided by the preceding sentence shall apply to the dividends first received in such year.

(b) *Certain dividends excluded.* Subsection (a) shall not apply to any dividend from—

(1) An insurance company subject to a tax imposed by part I or II of subchapter L (sec. 801 and following)

(2) A corporation organized under the China Trade Act, 1922 (see sec. 941); or

(3) A corporation which, for the taxable year of the corporation in which the distribution is made, or for the next preceding taxable year of the corporation, is—

(A) A corporation exempt from tax under section 501 (relating to certain charitable, etc., organizations) or section 521 (relating to farmers' cooperative associations); or

(B) A corporation to which section 931 (relating to income from sources within possessions of the United States) applies.

(c) *Special rules for certain distributions.* For purposes of subsection (a)—

(1) Any amount allowed as a deduction under section 591 (relating to deduction for dividends paid by mutual savings banks, etc.) shall not be treated as a dividend.

(2) A dividend received from a regulated investment company shall be subject to the limitations prescribed in section 854.

(d) *Certain nonresident aliens ineligible for exclusion.* Subsection (a) does not apply to a nonresident alien individual with respect to whom a tax is imposed for the taxable year under section 871 (a).

§ 1.116–1 *Partial exclusion of dividends.* (a) Section 116 excludes from gross income the first $50 of dividends from domestic corporations received by an individual at any time during a taxable year which ends after July 31, 1954, whether or not the dividend is received after July 31, 1954.

(b) In the case of a joint return of husband and wife, each spouse is entitled to the exclusion (in an amount not in excess of $50) with respect to the dividends received by such spouse. Thus, if in the calendar year 1955, a husband receives $200 of dividends and his wife $100, the amount to be included in gross income is $200 (150 of the husband's dividends and $50 of the wife's dividends) If the wife receives only $30 of dividends, the entire $30 is excludable, and there is included in gross income in the joint return only $150 consisting of the dividends received by the husband ($200) less his $50 exclusion. For further examples illustrating the application of the exclusion, see § 1.34–1.

(c) Where two or more persons hold stock as tenants in common, as joint tenants, or as tenants by the entirety, the dividends received with respect to such stock shall be considered as being received by each tenant to the extent that he is entitled under local law to a share of such dividends. Where dividends constitute community property under local law each spouse shall be considered as receiving one-half of such dividends.

(d) For restrictions and limitations with respect to the type of dividends to which the exclusion is applicable, see § 1.34–3.

(e) For taxpayers not entitled to the exclusion, see § 1.34–4.

(f) The regulations with respect to determination of when dividends are received under section 34 apply also to section 116. See § 1.34–1 (e)

§ 1.116–2 *Effective date; taxable years ending after July 31, 1954, subject to the Internal Revenue Code of 1939.* Pursuant to section 7851 (a) (1) (C), the regulations prescribed in § 1.116–1 shall also apply to taxable years beginning before January 1, 1954, and ending after July 31, 1954, and to taxable years beginning after December 31, 1953, and ending after July 31, 1954, but before August 17, 1954, though such years are subject to the Internal Revenue Code of 1939.

[F. R. Doc. 55–5617; Filed, July 12, 1955; 8:49 a. m.]

DEPARTMENT OF AGRICULTURE

Agricultural Marketing Service

[7 CFR Part 1001]

HANDLING OF LIMES GROWN IN FLORIDA

NOTICE OF PROPOSED RULE MAKING

Notice is hereby given that the Department is giving consideration to the following recommendations, submitted by the Florida Lime Administrative Committee, established pursuant to the marketing agreement and Order No. 101 (7 CFR Part 1001, 20 F. R. 4179) regulating the handling of limes grown in Florida, effective under the applicable provisions of the Agricultural Marketing Agreement Act of 1937, as amended (7 U. S. C. 601 et seq., 68 Stat. 906, 1047)

(1) That the Secretary prohibit, during the period beginning at 12:01 a. m., e. s. t., August 29, 1955, and ending at 12:01 a. m., e. s. t., April 1, 1956, the handling of limes, grown in the production area covered by the aforesaid marketing agreement and order, in any container having a capacity greater than one-half bushel except a container with inside dimensions 11 by 16¾ by 10 inches; and

(2) That the Secretary prohibit the handling of limes, grown in said production area, in the aforesaid container with inside dimensions 11 by 16¾ by 10 inches unless the net weight of the limes contained therein is at least 40 pounds.

All persons who desire to submit written data, views, or arguments for consideration in connection with such proposals should do so by forwarding the same to the Director, Fruit and Vegetable Division, Agricultural Marketing Service, United States Department of Agriculture, Room 2077, South Building, Washington 25, D. C., not later than the tenth day after publication of this notice in the FEDERAL REGISTER.

Dated: July 8, 1955.

[SEAL] S. R. SMITH,
Director Fruit and Vegetable Division, Agricultural Marketing Service.

[F. R. Doc. 55-5622; Filed, July 12, 1955; 8:50 a. m.]

DEPARTMENT OF LABOR

Office of the Secretary

[29 CFR Part 4]

OCCUPATIONS PARTICULARLY HAZARDOUS FOR EMPLOYMENT OF MINORS BETWEEN 16 AND 18 YEARS OF AGE OR DETRIMENTAL TO THEIR HEALTH OR WELL BEING

OPERATION OF POWER-DRIVEN HOISTING APPARATUS

Pursuant to the authority contained in section 3 of the Fair Labor Standards Act of 1938, as amended, (52 Stat. 1060, as amended; 29 U. S. C. 201 et seq.), and Reorganization Plan No. 2 of 1946, adopted pursuant to the Reorganization Act of 1946 (59 Stat. 613), and in accordance with the Procedure Governing Determinations of Hazardous Occupations (29 CFR Part 4, Subpart D) (note § 4.45), the Secretary of Labor had published in the Thursday, May 12, 1955 issue of the FEDERAL REGISTER a notice of proposed amendment of § 4.58 (29 CFR Part 4, Subpart E). Subsequent thereto the proposed amendment has been reconsidered and it has been found that, while correcting the existing situation, the proposed changes do not provide adequate safeguards for the health and welfare of minors.

Therefore, pursuant to the authority above mentioned, notice is hereby given that the Secretary of Labor proposes to amend paragraph (a) (2) of § 4.58 (29 CFR Part 4, Subpart E) to read as follows:

(2) Work which involves riding on a manlift or on a freight elevator, except a freight elevator operated by an assigned operator.

Interested persons may within 20 days from the date of publication of this notice in the FEDERAL REGISTER submit in writing to the Secretary of Labor their views, arguments or data in support of, or in opposition to the amendment as proposed.

Signed at Washington, D. C., this 6th day of July 1955.

JAMES P. MITCHELL,
Secretary of Labor.

[F. R. Doc. 55-5605; Filed, July 12, 1955; 8:46 a. m.]

NOTICES

DEPARTMENT OF THE INTERIOR

Bureau of Land Management

WASHINGTON

NOTICE OF PROPOSED WITHDRAWAL AND RESERVATION OF LANDS

JUNE 28, 1955.

An application, serial number W-01220, for the withdrawal from all forms of appropriation under the public land laws, including the mining laws of the United States of the lands described below was filed on January 29, 1954, by United States Department of Agriculture, Forest Service, Region 6, Portland, Oregon. The purposes of the proposed withdrawal: To provide for and protect administrative sites, public service sites, and recreation areas.

For a period of 30 days from the date of publication of this notice, persons having cause to object to the proposed withdrawal may present their objections in writing to the State Supervisor, Bureau of Land Management, Department of the Interior at Room 209, Federal Building, Spokane, Washington. In case any objection is filed and the nature of the opposition is such as to warrant it, a public hearing will be held at a convenient time and place, which will be announced, where opponents to the order may state their views and where proponents of the order can explain its purpose.

The determination of the Secretary on the application will be published in the FEDERAL REGISTER, either in the form of a public land order or in the form of a Notice of Determination if the application is rejected. In either case, a separate notice will be sent to each interested party of record.

The lands involved in the application are:

WASHINGTON—WILLAMETTE MERIDIAN

OLYMPIC NATIONAL FOREST

Giant Tree Recreation Area

T. 23 N., R. 8 W.,
Sec. 14: NW¼ (unsurveyed);
Sec. 15: S½NE¼, SE¼NW¼, E½SW¼, SE¼ (unsurveyed).

West Fork Humptulips Recreation Area

T. 22 N., R. 9 W.,
Sec. 23: NE¼.

Grisdale Forest Camp

T. 22 N., R. 7 W.,
Sec. 17: E½SE¼.

Wynoochee River Falls Forest Camp

T. 23 N., R. 7 W.,
Sec. 23: E½NE¼ (unsurveyed);
Sec. 24: W½NW¼ (unsurveyed).

Klone Lake Forest Camp

T. 23 N., R. 7 W.,
Sec. 22: NE¼ (unsurveyed).

Total area approximately 1020 acres.

SNOQUALMIE NATIONAL FOREST

Snoqualmie Pass—Denny Creek Recreation Area

T. 22 N., R. 11 E.,
Sec. 4: Lots 1, 2, 3, 4, SE¼NE¼, N½SW¼ NE¼, SE¼SW¼NE¼, SW¼NW¼, N½ SE¼NW¼, SW¼SE¼NW¼, W½SW¼, W½NE¼SW¼, SE¼SW¼, E½SE¼, E½ NW¼SE¼, SW¼SE¼.
Sec. 5: Lots 1, 4, 11, 12, 13, 14, 15;
Sec. 8: NE¼NE¼, NW¼, W½SW¼.
T. 23 N., R. 11 E.,
Sec. 34: Lots 1, 2, NW¼, N½SW¼.

Goblin Creek Recreation Area

T. 28 N., R. 12 E.,
Sec. 18: NE¼NE¼.

West Cady Creek Recreation Area

T. 28 N., R. 12 E.,
Sec. 19: W½W½NE¼, E½E½NW¼.

Total area approximately 1251.12 acres.

WENATCHEE NATIONAL FOREST

Lake Wenatchee Recreation Area

T. 27 N., R. 16 E.,
Sec. 23: Lots 2, 3, 4, 5;
Sec. 24: Lots 2, 3, 4, SE¼SW¼.

Total area approximately 340.30 acres.

CHELAN NATIONAL FOREST

Bonaparte Recreation Area

T. 38 N., R. 30 E.,
Sec. 8: Lot 1;
Sec. 9: Lots 1, 2, 3, 4, 8;
Sec. 17: Lots 1, 6, 7.

Total area approximately 319.11 acres.

UMATILLA NATIONAL FOREST

Upper Tucannon Forest Camp

T. 8 N., R. 41 E.,
Sec. 5: Lot 2, SW¼NE¼, SE¼NW¼.

Total area approximately 117.54 acres.

The proposed withdrawal will be made subject to powersite withdrawal No. 553 insofar as it affects the NE¼, Sec. 18 and N½NE¼, and W½, Sec. 19, T. 28 N., R. 12 E. W. M., reserve of the E½SE¼, Sec. 17, T. 22 N., R. 7 W W M. for the Aberdeen Power Project, and to the withdrawal of Lots 2, 3, 4, 5, Sec. 23, and Lots 2, 3, 4, SE¼SW¼, Sec. 24, T. 27 N., R. 16 E. W M. for Reservoir Site No. 1, and withdrawal under the Act of June 10, 1920.

J. M. HONEYWELL,
State Supervisor

[F. R. Doc. 55-5603; Filed, July 12, 1955; 8:46 a. m.]

CIVIL AERONAUTICS BOARD

[Docket No. 7236]

WILLIAM D. WHITE AND FRANK P DOW COMPANY, INC., INTERLOCKING RELATIONSHIPS

NOTICE OF HEARING

In the matter of the application by William D. White and Frank P Dow Company, Inc. (Seattle) for approval of control and interlocking relationships.

Notice is hereby given pursuant to the provisions of the Civil Aeronautics Act of 1938, as amended, that hearing in the above-entitled proceeding is assigned to be held on July 19, 1955, at 10:00 a. m., e. d. s. t., in Room E-206, Temporary Building No. 5, Sixteenth Street and Constitution Avenue NW., Washington, D. C., before Examiner Richard A. Walsh.

Dated at Washington, D. C., July 8, 1955.

[SEAL] FRANCIS W BROWN,
Chief Examiner

[F R. Doc. 55-5618; Filed, July 12, 1955; 8:49 a. m.]

FEDERAL POWER COMMISSION

[Docket No. E-6633]

ST. JOSEPH LIGHT & POWER CO.

NOTICE OF APPLICATION

JULY 5, 1955.

Take notice that on June 29, 1955, an application was filed with the Federal Power Commission, pursuant to section 203 of the Federal Power Act, by St. Joseph Light & Power Company ("Applicant") a corporation organized under the laws of the State of Missouri, and doing business in said State, with its principal business office at St. Joseph, Missouri, seeking an order authorizing it to acquire all of the outstanding shares of Common Stock of Missouri Service Company ("Missouri") a Missouri corporation, doing business as a foreign corporation in the State of Iowa with its principal business office at Tarkio, Missouri. Applicant proposes to acquire all of the outstanding 40,000 shares of Common Stock, par value of $10 per share, of Missouri, in exchange for and in consideration of 30,000 shares of Common Stock, no par value, of Applicant.

The application states that subsequent to the consummation of the stock exchange, Applicant and Missouri will request additional authorization, pursuant to section 203 of the Federal Power Act, to permit Applicant to merge or consolidate its facilities with those of Missouri, with the Applicant remaining as the surviving corporation. Applicant proposes to acquire all of the property and assets of Missouri in consideration of the surrender by Applicant of the 40,000 shares of stock of Missouri and the assumption of Missouri's liabilities; all as more fully appears in the application on file with the Commission.

Any person desiring to be heard, or to make any protest with reference to said application should, on or before the 25th day of July 1955, file with the Federal Power Commission, Washington 25, D. C., a petition or protest in accordance with the Commission's rules of practice and procedure. The application is on file with the Commission for public inspection.

[SEAL] LEON M. FUQUAY,
Secretary.

[F. R. Doc. 55-5606; Filed, July 12, 1955; 8:46 a. m.]

[Docket No. G-3862]

COLORADO INTERSTATE GAS CO.

NOTICE OF APPLICATION AND DATE OF HEARING

JULY 5, 1955.

Take notice that Colorado Interstate Gas Company (Applicant) a Delaware corporation with a principal office in Colorado Springs, Colorado, filed on October 1, 1954, pursuant to section 7 of the Natural Gas Act, an application for a certificate of public convenience and necessity, and an amendment thereto on April 4, 1955, for permission authorizing Applicant to abandon service as hereinafter described, subject to the jurisdiction of the Commission, all as more fully represented in the application which is on file with the Commission and open for public inspection.

Applicant recites that the application for a certificate was initially made to cover the sale of certain of Applicant's available excess gas in the Kansas Hugoton Field, which was to be made under its rate Schedule X-3; regarding which, deliveries of gas were terminated in November 1954. The Applicant further reflects that service was rendered by the Applicant to Northern Natural Gas Company commencing on June 24, 1954, which was terminated on December 31, 1954.

This matter is one that should be disposed of as promptly as possible under the applicable rules and regulations and to that end:

Take further notice that, pursuant to the authority contained in and subject to the jurisdiction conferred upon the Federal Power Commission by sections 7 and 15 of the Natural Gas Act, and the Commission's rules of practice and procedure, a hearing will be held on August 18, at 9:30 a. m., e. d. s. t., in a Hearing Room of the Federal Power Commission, 441 G Street NW., Washington, D. C., concerning the matters involved in and the issues presented by such application: *Provided, however* That the Commission may, after a non-contested hearing, dispose of the proceedings pursuant to the provisions of § 1.30 (c) (1) or (2) of the Commission's rules of practice and procedure.

Protests or petitions to intervene may be filed with the Federal Power Commission, Washington 25, D. C., in accordance with the rules of practice and procedure (18 CFR 1.8 or 1.10) on or before August 5, 1955. Failure of any party to appear at and participate in the hearing shall be construed as waiver of and concurrence in omission herein of the intermediate decision procedure in cases where a request therefor is made.

[SEAL] LEON M. FUQUAY,
Secretary.

[F. R. Doc. 55-5607; Filed, July 12, 1955; 8:47 a. m.]

[Docket Nos. G-8737, G-9022]

LATERAL GAS PIPELINE CO. AND IOWA ELECTRIC LIGHT AND GAS CO.

NOTICE OF APPLICATIONS AND DATE OF HEARING

JULY 5, 1955.

In the matters of Lateral Gas Pipeline Co., Docket No. G-8737 Iowa Electric Light and Power Co., Docket No. G-9022.

Take notice that (1) Lateral Gas Pipeline Company (Lateral) on April 8, 1955, filed an application at Docket No. G-8737 for a certificate of public convenience and necessity authorizing the construction and operation of 9 miles of 4-inch pipeline extending from a new point of connection on the main transmission pipeline of Natural Gas Pipeline Company's (Natural) in Marion County, Iowa, to the city of Pella, Iowa, and a town border station at Pella, (2) Iowa Electric Light and Power Company (Iowa Electric), parent of Lateral, filed on June 9, 1955, an application at Docket No. G-9022 for permission and approval to abandon and remove 10.4 miles of 4-inch pipeline extending between the cities of Knoxville and Pella, Iowa, all pursuant to section 7 of the Natural Gas Act and subject to the jurisdiction of the Commission as more fully represented in the applications which are on file with the Commission and open for public inspection.

The facilities proposed to be constructed and operated by Lateral will replace facilities proposed to be abandoned and removed by Iowa Electric, and for the purpose of replacing deteriorated pipe.

The estimated cost of the facilities proposed by Lateral at Docket No. G–8737 is $119,000, the cost of which will be financed by the sale of 24,000 shares of capital stock to its parent company, Iowa Electric.

These related matters should be heard on a consolidated record and disposed of as promptly as possible under the applicable rules and regulations and to that end:

Take further notice that, pursuant to the authority contained in and subject to the jurisdiction conferred upon the Federal Power Commission by sections 7 and 15 of the Natural Gas Act, and the Commission's rules of practice and procedure, a hearing will be held on August 24, 1955, at 9:30 a. m., e. d. s. t., in a Hearing Room of the Federal Power Commission, 441 G Street NW., Washington, D. C., concerning the matters involved in and the issues presented by such applications: *Provided, however* That the Commission may, after a noncontested hearing, dispose of the proceedings pursuant to the provisions of § 1.30 (c) (1) or (2) of the Commission's rules of practice and procedure.

Protests or petitions to intervene may be filed with the Federal Power Commission, Washington 25, D. C., in accordance with the rules of practice and procedure (18 CFR 1.8 or 1.10) on or before August 12, 1955. Failure of any party to appear at and participate in the hearing shall be construed as waiver of and concurrence in omission herein of the intermediate decision procedure in cases where a request therefor is made.

[SEAL] LEON M. FUQUAY,
Secretary.

[F. R. Doc. 55–5608; Filed, July 12, 1955; 8:47 a. m.]

[Docket Nos. G–8898, G–8980, G–8986—G–8989]

BARBARA OIL CO. ET AL.

NOTICE OF APPLICATIONS AND DATE OF HEARING

JULY 5, 1955.

In the matters of Barbara Oil Co., Docket No. G–8898; Mayfair Minerals, Inc., et al., Docket No. G–8980; Orville H. Parker, et al., Docket No. G–8986; Orville H. Parker, et al., Docket No. G–8987· Orville H. Parker, et al., Docket No. G–8988; Orville H. Parker, et al., Docket No. G–8989.

Take notice that the above designated Applicants filed on May 13, May 31, and June 2, respectively, applications for certificates of public convenience and necessity pursuant to section 7 of the Natural Gas Act, authorizing Applicants to render service as hereinafter described, subject to the jurisdiction of the Commission, all as more fully represented in the applications which are on file with the Commission and open for public inspection.

The above designated Applicants propose to produce natural gas from various fields, tabulated hereinbelow, in Kansas and to sell the same in interstate commerce to Cities Service Gas Company for resale. The tabulation is as follows:

Docket No.	Field	County
G–8898	Not stated	Barber.
G–8980	Boggs	Do.
G–8986	Medicine Lodge North	Do.
G–8987	Rhodes Northeast	Do.
G–8988	Boggs Pool	Do.
G–8989	Whelan Northeast	Do.

These related matters should be heard on a consolidated record and disposed of as promptly as possible under the applicable rules and regulations and to that end:

Take further notice that, pursuant to the authority contained in and subject to the jurisdiction conferred upon the Federal Power Commission by sections 7 and 15 of the Natural Gas Act, and the Commission's rules of practice and procedure, a hearing will be held on August 23, 1955, at 9:30 a. m., e. d. s. t., in a Hearing Room of the Federal Power Commission, 441 G Street NW., Washington, D. C., concerning the matters involved in and the issues presented by such applications: *Provided, however,* That the Commission may, after a noncontested hearing dispose of the proceedings pursuant to the provisions of § 1.30 (c) (1) or (2) of the Commission's rules of practice and procedure.

Protests or petitions to intervene may be filed with the Federal Power Commission, Washington 25, D. C., in accordance with the rules of practice and procedure (18 CFR 1.8 or 1.10) on or before August 12, 1955. Failure of any party to appear at and participate in the hearing shall be construed as waiver of and concurrence in omission herein of the intermediate decision procedure in cases where a request therefor is made.

[SEAL] LEON M. FUQUAY,
Secretary.

[F. R. Doc. 55–5609; Filed, July 12, 1955; 8:47 a. m.]

[Docket No. G–9035]

TRANSCONTINENTAL GAS PIPE LINE CORP.

NOTICE OF APPLICATION AND DATE OF HEARING

JULY 11, 1955.

Take notice that on June 14, 1955, Transcontinental Gas Pipe Line Corporation (Applicant), a Delaware corporation having its principal place of business at Houston, Texas, filed an application for a certificate of public convenience and necessity pursuant to section 7 of the Natural Gas Act, authorizing the construction, installation and operation of the following facilities:

6.14 miles of 36-inch loopline from Mile Post 540.07 to Main Line Valve 5–2 in the State of Louisiana.

2.54 miles of 36-inch loopline from Mile Post 1009.06 to Mile Post 1011.60 in the State of Georgia.

5.23 miles of 36-inch loopline from Mile Post 1250.90 to Main Line Valve 14–3 in the State of North Carolina.

3.73 miles of 30-inch loopline from Mile Post 1418.45 to Main Line Valve 16–3 in the State of Virginia.

4.10 miles of 30-inch loopline from Mile Post 1585.69 to Main Line Valve 18–3 in the State of Virginia.

5 miles of 30-inch loopline from Main Line Valve 19–2 to Mile Post 1665.79 in the State of Maryland.

Applicant proposes to utilize the proposed facilities to transport an additional 10,000 Mcf of natural gas per day on a firm basis for Sun Oil Company, on the terms and subject to the conditions stated in the contract between Transcontinental and Sun, dated May 26, 1955, and which is attached to the application as Exhibit X–1. The firm transportation service for which authorization is sought is in addition to that authorized by order of the Commission issued April 30, 1954, at Docket No. G–2368.

The Applicant represents that if the certificate authorization requested herein is granted by the Commission in time to enable Transcontinental to construct the facilities proposed herein, along with the construction presently in progress pursuant to the previous certificate authorizations granted by the Commission at Docket Nos. G–2367 and G–4185, it is estimated that the resulting coordination of construction will enable Transcontinental to construct the proposed facilities at a cost of $3,426,000. The application also recites that should it become necessary to construct such facilities separately and at a later date, it is estimated that the cost of construction would be increased by approximately $330,000.

Applicant plans to finance its proposed project temporarily by short-term bank loans. It is planned subsequently to issue bonds to the extent of 60 percent of the cost of the facilities proposed herein, with the balance being financed by company funds.

Take further notice that, pursuant to the authority contained in and subject to the jurisdiction conferred upon the Federal Power Commission by sections 7 and 15 of the Natural Gas Act, and the Commission's rules of practice and procedure, a hearing will be held on July 29, 1955, at 10:00 a. m., e. d. s. t., in a Hearing Room of the Federal Power Commission, 441 G Street NW., Washington, D. C., concerning the matters involved in and the issues presented by such application.

Protests, petitions to intervene, or notices of intervention may be filed with the Federal Power Commission, Washington 25, D. C., in accordance with the rules of practice and procedure (18 CFR 1.8 or 1.10), on or before July 28, 1955.

[SEAL] LEON M. FUQUAY,
Secretary.

[F. R. Doc. 55–5653; Filed, July 12, 1955; 8:56 a. m.]

INTERSTATE COMMERCE COMMISSION

[Notice 68]

MOTOR CARRIER APPLICATIONS

JULY 8, 1955.

Protests, consisting of an original and two copies, to the granting of an application must be filed with the Commission within 30 days from the date of publication of this notice in the FEDERAL REGISTER and a copy of such protest served on the applicant. Each protest must clearly state the name and street number, city and state address of each protestant on behalf of whom the protest is filed (49 CFR 1.240 and 1.241) Failure to seasonably file a protest will be construed as a waiver or opposition and participation in the proceeding unless an oral hearing is held. In addition to other requirements of Rule 40 of the general rules of practice of the Commission (49 CFR 1.40) protests shall include a request for a public hearing, if one is desired, and shall specify with particularity the facts, matters, and things, relied upon, but shall not include issues or allegations phrased generally. Protests containing general allegations may be rejected. Requests for an oral hearing must be supported by an explanation as to why the evidence cannot be submitted in the forms of affidavits. Any interested person, not a protestant, desiring to receive notice of the time and place of any hearing, pre-hearing conference, taking of depositions, or other proceedings shall notify the Commission by letter or telegram within 30 days from the date of publication of this notice in the FEDERAL REGISTER.

Except when circumstances require immediate action, an application for approval, under section 210a (b) of the act, of the temporary operation of motor carrier properties sought to be acquired in an application under section 5 (a) will not be disposed of sooner than 10 days from the date of publication of this notice in the FEDERAL REGISTER. If a protest is received prior to action being taken, it will be considered.

APPLICATIONS OF MOTOR CARRIERS OF PROPERTY

No. MC 1187 Sub 18, filed June 6, 1955, CUSHMAN MOTOR DELIVERY COMPANY, a corporation, 1480 West Kinzie Street, Chicago, Ill. Applicant's attorney: Jack Goodman, 39 South LaSalle Street, Chicago 3, Ill. For authority to operate as a *common carrier* transporting: *General commodities,* except Class A and B explosives, household goods as defined by the Commission, commodities in bulk, and those requiring special equipment, serving Gibraltar, Mich., and the site of the plant of McLouth Steel Co., at or near Gibraltar, Mich., as off-route points in connection with carrier's regular route operations between (1) Chicago, Ill., and Detroit, Mich., over U. S. Highways 12 and 112, and (2) Detroit, Mich., and Toledo, Ohio, over U. S. Highways 24 and 25. Applicant is authorized to conduct operations in Illinois, Indiana, Kentucky, Michigan, Ohio and Wisconsin.

No. MC 2229 Sub 67, filed June 13, 1955, RED BALL MOTOR FREIGHT, INC., 1210 South Lamar St., P O. Box 3148, Dallas, Tex. Applicant's attorney: Reagan Sayers, Century Life Bldg., Fort Worth, Tex. For authority to operate as a *common carrier* over regular routes, transporting: *General commodities,* including *Class A and B explosives,* but excluding articles of unusual value, livestock, household goods as defined by the Commission, commodities in bulk, and those requiring special equipment, (1) between Lone Star, Tex., and Hughes Springs, Tex., over Farm to Market Road 250, serving no intermediate points, and (2) between Daingerfield, Tex., and Naples, Tex., as follows: from Daingerfield over Texas Highway 26 to junction Texas Highway 338, thence over Texas Highway 338 to Naples, and return over the same route, serving no intermediate points and with no service to or from Naples, but serving Naples for joinder purposes only. Applicant is authorized to conduct operations in Louisiana and Texas.

No. MC 2304 Sub 19, filed June 6, 1955, THE KAPLAN TRUCKING COMPANY, 1607 Woodland Ave., Cleveland, Ohio. Applicant's attorney: Noel F George, 44 E. Broad Street, Columbus 15, Ohio. For authority to operate as a *common carrier,* transporting: *General commodities,* except those of unusual value, Class A and Class B explosives, household goods as defined by the Commission, commodities in bulk, and commodities requiring special equipment, serving Gibraltar, Mich. and Sibley, Mich. and the plants of the McLouth Steel Co. located (a) on or near River Road approximately four (4) miles south of Trenton, Mich. and (b) on or near West Jefferson Avenue approximately two (2) miles north of Trenton, Mich. as off-route points in connection with applicant's authorized regular route operations between Detroit, Mich. and Cleveland, Ohio over U. S. Highway 25. Applicant is authorized to conduct operations in Michigan, Ohio, Illinois, and Indiana.

No. MC 2488 Sub 1, filed June 24, 1955, W R. McGWINN, River St., P O. Box 67, Grand River, Ohio. Applicant's representative: G. H. Dilla, 3350 Superior Ave., Cleveland 14, Ohio. For authority to operate as a *contract carrier* over irregular routes, transporting: *Coke,* in bulk, in dump vehicles, from Fairport Harbor, Ohio to Erie, Franklin, Greenville, Grove City, New Castle and Oil City, Pa., and *empty containers or other such incidental facilities* (not specified) used in transporting the commodities specified in this application, on return movement.

No. MC 3647 Sub 185, filed May 31, 1955, PUBLIC SERVICE COORDINATED TRANSPORT, a corporation, 80 Park Place, Newark, N. J. Applicant's attorney: Winslow B. Ingham, Law Department, Public Service Coordinated Transport, Public Service Terminal, Newark 1, N. J. For authority to operate as a *common carrier* over a regular route, transporting: *Passengers and their baggage,* and *express* and *newspapers* in the same vehicle with passengers, between Fort Dix, N. J., and U. S. Highway 206 near Vincentown in Southampton Township, N. J., from Fort Dix over unnumbered roads known as the Wrightstown-Pemberton Road and the Pemberton-Vincentown Road to junction U. S. Highway 206 near Vincentown and return over the same route, serving no intermediate points, but serving Fort Dix Reservation, and serving for joinder purposes only junction U. S. Highway 206 and Pemberton-Vincentown Road in Southampton Township, N. J. Applicant states the applied-for route is in connection with present operations between New York City, N. Y., and Atlantic City, N. J., between which points they operate bus service via the New Jersey Turnpike, which uses, in part, U. S. Highway 206. It is their plan for example to divert certain trips of this operation so as to travel over U. S. Highway 206 in a northbound direction and operate through Fort Dix, N. J., and return to U. S. Highway 206 at Bordentown, N. J., and vice versa, using highways over which they now have authority to operate. Applicant is authorized to conduct operations in Delaware, New Jersey, New York and Pennsylvania.

No. MC 4472 Sub 5, filed June 24, 1955, ROBERT LAWRENCE McINTYRE, 2426 Hubbell Boulevard, Des Moines, Iowa. Applicant's attorney: Stephen Robinson, 1020 Savings & Loan Bldg., Des Moines 9, Iowa. For authority to operate as a *contract carrier* over irregular routes, transporting: *Malt beverages,* (1) from St. Louis, Mo., to Des Moines, Iowa, and (2) from La Crosse, Wis., to Cedar Rapids and Marengo, Iowa, and *empty containers or other such incidental facilities* (not specified) used in transporting the commodities specified, on return movements. Applicant is authorized to conduct operations in Wisconsin and Iowa.

No. MC 7523 Sub 7, filed June 27, 1955, VENTURA TRANSFER COMPANY, 29 N. Olive St., Ventura, Calif. Applicant's attorney: Marvin Handler, 465 California St., San Francisco 4, Calif. For authority to operate as a *common carrier,* over irregular routes, transporting: *Petroleum* and *petroleum products,* in bulk, in tank vehicles, between points in California. Applicant is authorized to conduct operations in California, Arizona, Nevada, and Utah.

No. MC 15214 Sub 24, filed June 13, 1955, MERCURY MOTORWAYS, INC., 947 Louise Street, P. O. Box 689, South Bend 18, Ind. Applicant's attorney: Glenn W Stephens, 121 West Doty Street, Madison 3, Wis. For authority to operate as a *common carrier* over a regular route, transporting: *General commodities,* except those of unusual value, Class A and B explosives, livestock, commodities in bulk, and commodities requiring special equipment, between junction U. S. Highways 6 and 33 near Ligonier, Ind., and Bryan, Ohio, over U. S. Highway 6, serving no intermediate points, as an alternate or connecting route for operating convenience only, in connection with carrier's regular route operations between (a) South Bend, Ind., and Cleveland, Ohio, and (b) South Bend, Ind., and Fort Wayne, Ind. Applicant is authorized to conduct operations in Illinois, Indiana, Michigan and Ohio.

No. MC 16022 Sub 5, filed June 9, 1955, THE INTER MONT EXPRESS, INC., 518 Bluefield Avenue, Bluefield, W Va. Applicant's attorney· Harold F. Porterfield, Bluefield, W. Va. For authority to operate as a *common carrier* over irregular routes, transporting: *Ground limestone,* and *lime,* common, hydrate, quick or slaked, from Giles County, Va., to Raleigh and Wyoming Counties, W. Va.

NOTE: Applicant states it is authorized to transport the specific commodities in this application from Giles County, Va., to Buchanan and Tazewell Counties, Va., and to McDowell and Mercer Counties, W. Va. under (B) of Certificate No. MC 16022 under the generic heading of mine supplies. The movement to Raleigh and Wyoming Counties, W. Va., has been moving on a combination of irregular routes under (B) of said Certificate, and has unnecessarily been moving through Tazewell County, Va. The authority sought herein will eliminate the circuitous route through Tazewell County, Va., and use Mercer County, W. Va., as a gateway to Raleigh and Wyoming Counties, W. Va. Applicant is authorized to conduct operations in Virginia and West Virginia.

No. MC 21684 Sub 13, filed June 30, 1955, CHARLES E. DANBURY, INC., P. O. Box 97, Williamsburg, Ohio. Applicant's attorney· Jack B. Josselson, Atlas Bank Building, Cincinnati 2, Ohio. For authority to operate as a *contract carrier* over irregular routes, transporting: *Commercial motor vehicle trailers, trailer chassis,* and *accessories* and *equipment therefor* in or attached to the transported trailers, in initial movements, in truckaway service, from points in Gregg County, Texas to points in the United States, and *used and damaged shipments* of the above-described commodities, in truckaway service, on return movement. Applicant is authorized to conduct operations in all states in the United States and the District of Columbia.

No. MC 30319 Sub 55, filed June 27, 1955, SOUTHERN PACIFIC TRANSPORT COMPANY, a corporation, 810 North San Jacinto Street, Post Office Box 4054, Houston, Texas. Applicant's attorney· Edwin N. Bell, 1600 Esperson Building, Houston, Texas. For authority to operate as a *common carrier* over regular routes, transporting: *General commodities,* except those of unusual value, Class A and B explosives, household goods as defined by the Commission, commodities in bulk and those requiring special equipment, between Fort Worth, Texas and Dallas, Texas, operating over U. S. Highway 80, serving only termini which are located on and served by the Texas and New Orleans Railroad. In connection therewith, applicant seeks authority herein to modify existing key point restrictions applying at Dallas and Fort Worth to the extent that these two key points be considered a joint or as one key point. Applicant is authorized to conduct operations in Texas and Louisiana.

No. MC 37473 Sub 14, filed June 27, 1955, DETROIT-PITTSBURGH MOTOR FREIGHT, INC., 5324 Grant Ave., Cuyahoga Heights, Ohio; mailing address: P O. Box 392, Station D, Cleveland 27, Ohio. Applicant's attorney· Taylor C. Burneson, 3510 Leveque-Lincoln Tower, Columbus 15, Ohio. For authority to operate as a *common carrier* transporting: *General commodities,* including *commodities requiring special equipment,* but excepting those of unusual value, Class A and Class B explosives, household goods as defined by the Commission, and commodities in bulk, serving the site of the Sterling Plant of Ford Motor Company located in Sterling Township, Macomb County, Mich., as an off-route point in connection with applicant's authorized regular route operations between Canton, Ohio and Detroit, Mich. over U. S. Highways 24 and 25. Applicant is authorized to conduct operations in Ohio, Michigan, Illinois, Indiana, New York, and Pennsylvania.

No. MC 46280 Sub 33, filed June 27, 1955, DARLING FREIGHT, INC., 4000 Division Ave., S., Grand Rapids, Mich. Applicant's attorney· Robert A. Sullivan, 2606 Guardian Building, Detroit 26, Mich. For authority to operate as a *common carrier* over irregular routes, transporting: *General commodities,* except those of unusual value, Class A and B explosives, household goods as defined by the Commission, commodities in bulk, and those requiring special equipment, between the site of the Ford Motor Company plant, located north of Detroit, Mich., at Mound Road and 17 Mile Road, Sterling Township, Macomb County, Mich., on the one hand, and, on the other, Omaha, Nebr., Louisville, Ky., St. Louis Mo., Evansville, and Vincennes, Ind., and points in Indiana on and north of U. S. Highway 40, those in Illinois on and north of a line beginning at the Indiana-Illinois State line and extending along U. S. Highway 36 to Springfield, Ill., thence along Illinois Highway 125 to junction U. S. Highway 67, thence along U. S. Highway 67 to junction Illinois Highway 103, thence along Illinois Highway 103 to junction U. S. Highway 24, and thence along U. S. Highway 24 to the Illinois-Missouri State line, those in Iowa on and east of U. S. Highway 65, those in Minnesota on, east and south of a line beginning at the Iowa-Minnesota State line and extending along U. S. Highway 65 to Minneapolis, Minn., and thence from Minneapolis along U. S. Highway 12 to the Minnesota-Wisconsin State line, and those in Wisconsin on and south of a line beginning at the Minnesota-Wisconsin State line and extending along U. S. Highway 12 to junction Wisconsin Highway 29, thence along U. S. Highway 29 to Green Bay, Wis., and thence along U. S. Highway 141 to Lake Michigan at Manitowoc, Wis. Applicant is authorized to conduct operations in Illinois, Indiana, Kentucky, Michigan, Minnesota, Missouri, Nebraska, and Wisconsin.

No. MC 46737 Sub 24, filed June 9, 1955, GEO. F. ALGER COMPANY, a corporation, 3050 Lonyo Road, Detroit 9, Mich. Applicant's attorney· Walter N. Bieneman, Guardian Building, Detroit 26, Mich. For authority to operate as a *common carrier* over regular routes, transporting: *General commodities,* except those of unusual value, Class A and B explosives, household goods as defined by the Commission, commodities in bulk, and commodities requiring special equipment, (1) between junction U. S. Highways 25 and 68 at Findlay, Ohio, and Cincinnati, Ohio, from junction U. S. Highways 25 and 68 at Findlay over U. S. Highway 68 to junction U. S. Highway 42, thence over U. S. Highway 42 to Cincinnati, and return over the same route, serving no intermediate points, and serving junction U. S. Highways 68 and 25 for the purpose of joinder only, as an alternate or connecting route, for operating convenience only, in connection with carrier's regular route operations between (a) Detroit, Mich., and Cincinnati, Ohio, and (b) Muskegon, Mich., and Cincinnati, Ohio, and (2) between junction U. S. Highways 68 and Ohio Highway 4 at Springfield, Ohio, and Dayton, Ohio, over Ohio Highway 4, serving no intermediate points, and serving junction U. S. Highway 68 and Ohio Highway 4 for the purpose of joinder only, as an alternate or connecting route, for operating convenience only, in connection with carrier's regular route operations between (a) Detroit, Mich., and Cincinnati, Ohio, and (b) the applied-for alternate or connecting route in (1) above. Applicant is authorized to conduct operations in Illinois, Indiana, Michigan and Ohio.

No. MC 50201 Sub 11, filed June 13, 1955, DOUGLAS TRUCKING LINES, INC., 1011 E. Main St., Owosso, Mich. Applicant's attorney· Robert A. Sullivan, 2606 Guardian Bldg., Detroit 26, Mich. For authority to operate as a *common carrier* transporting: *General commodities,* except those of unusual value, Class A and Class B explosives, household goods as defined by the Commission, commodities in bulk, and commodities requiring special equipment, serving the site of the Ford Motor Company plant located north of Detroit, Mich. at Mound Road and 17 Mile Road, Sterling Township, Macomb County, Mich., as an off-route point in connection with applicant's authorized regular route operations between Bay City, Mich. and Detroit, Mich. over U. S. Highway 10. Applicant is authorized to conduct operations in Illinois and Michigan.

No. MC 55843 Sub 10, filed June 20, 1955, SAGINAW TRANSFER COMPANY, INC., 303 West Bristol Street, Saginaw, Mich. Applicant's attorney· Carl H. Smith, Sr., 212 Phoenix Building, Bay City, Mich. For authority to operate as a *common carrier* transporting: *General commodities,* except those of unusual value, Class A and B explosives, household goods as defined by the Commission, commodities in bulk, and those requiring special equipment, serving the Sterling Plant of Ford Motor Company at 17 Mile and Mound Roads, Macomb County, Mich., located approximately one mile outside of the Detroit, Mich., Commercial Zone as defined by the Commission, as an off-route point, in connection with carrier's regular route operations between Detroit, Mich., and Chicago, Ill., over U. S. Highways 12 and 16. Applicant is authorized to conduct operations in Illinois, Indiana, and Michigan.

No. MC 63562 Sub 23, filed May 23, 1955, NORTHERN PACIFIC TRANSPORT COMPANY, a corporation, 176 East Fifth Street, St. Paul 1, Minn. Applicant's attorney· Frank S. Farrell,

176 East Fifth Street, St. Paul 1, Minn. For authority to operate as a *common carrier* over regular routes, transporting: *General commodities, including commodities of unusual value,* but excluding Class A and B explosives, household goods as defined by the Commission, commodities in bulk, and commodities requiring special equipment, (1) between Fargo, N. Dak., and Marion, N. Dak., from Fargo over U. S. Highway 10 to junction unnumbered highway approximately 11 miles west of junction North Dakota Highway 18, thence over unnumbered highway to Embden, N. Dak., thence over unnumbered highway to Alice, N. Dak., thence over unnumbered highway to Lucca, N. Dak., thence over unnumbered highway to junction North Dakota Highway 32, thence over North Dakota Highway 32 to Nome, N. Dak., thence over unnumbered highway to Eastedge, N. Dak. (also from Nome over North Dakota Highway 32 to junction North Dakota Highway 46, thence over North Dakota Highway 46 to junction unnumbered highway south of Eastedge, N. Dak., thence over unnumbered highway to Eastedge, N. Dak.) thence over unnumbered highway to Kathryn, N. Dak. (also from Eastedge, N. Dak., over unnumbered highway to North Dakota Highway 46, thence over North Dakota Highway 46 to junction unnumbered highway south of Kathryn, N. Dak., thence over unnumbered highway to Kathryn, N. Dak.) thence over unnumbered highway to Hastings, N. Dak. (also from Kathryn, N. Dak., over unnumbered highway to junction North Dakota Highway 46, thence over North Dakota Highway 46 to junction North Dakota Highway 1, thence over North Dakota Highway 1 to Hastings, N. Dak.) thence over unnumbered highway to Litchville, N. Dak. (also from Hastings, N. Dak., over North Dakota Highway 1 to junction North Dakota Highway 46, thence over North Dakota Highway 46 to junction unnumbered highway south of Litchville, N. Dak., thence over unnumbered highway to Litchville, N. Dak.) thence over unnumbered highway to junction North Dakota Highway 46, thence over North Dakota Highway 46 to junction unnumbered highway north of Marion, N. Dak., thence over unnumbered highway to Marion, and return over the same route, serving all intermediate points, (2) between Jamestown, N. Dak., and Turtle Lake, N. Dak., from Jamestown over U. S. Highway 52 to junction North Dakota Highway 7, thence over North Dakota Highway 7 to junction North Dakota Highway 41, thence over North Dakota Highway 41 to Turtle Lake, and return over the same route, serving all intermediate points and the off-route point of Heaton, N. Dak. (3) between Carrington, N. Dak. and Esmond, N. Dak., from Carrington over U. S. Highway 281 to junction unnumbered highway approximately six miles north of Sheyenne, N. Dak., thence over unnumbered highway to junction North Dakota Highway 30, thence over North Dakota Highway 30 to Maddock, N. Dak., thence over unnumbered highway to Esmond, (also from Maddock over unnumbered highway and North Dakota Highway 19 to Esmond) and return over the same route, serving all intermediate points, and the off-route points of Guptill, Barlow, Josephine, Flora and Hesper, N. Dak. (4) between Valley City, N. Dak., and McHenry, N. Dak., from Valley City over U. S. Highway 10 to Sanborn, N. Dak., thence over North Dakota Highway 1 to junction North Dakota Highway 7, thence over North Dakota Highway 7 to Cooperstown, N. Dak., thence over North Dakota Highway 45 to junction North Dakota Highway 65, thence over North Dakota Highway 65 to Binford, N. Dak., thence over unnumbered highway to McHenry, and return over the same route, serving all intermediate points. Applicant is authorized to conduct operations in Idaho, Montana, North Dakota and Washington.

No. MC 70825 Sub 3, filed June 25, 1955, J. A. GARVEY TRANSPORTATION, INC., 256 Bowdoin Street, Dorchester, Mass. Applicant's attorney: Mary E. Kelley, 85 State Street, Boston 9, Mass. For authority to operate as a *common carrier* over regular routes, transporting: *General commodities,* except those of unusual value, Class A and B explosives, household goods as defined by the Commission, commodities in bulk and commodities requiring special equipment, from Limerick, Maine to Boston, Mass., operating from Limerick, over Maine Highway 5 to East Waterboro, Maine, thence over Maine Highway 4 to Alfred, Maine, thence over Maine Highway 111 to Sanford, Maine, thence over Maine Highway 11 to the Maine-New Hampshire State line, thence over New Hampshire Highway 11 to Rochester, N. H., thence over New Hampshire Highway 16 to Dover, N. H., thence over New Hampshire Highway 108 to the New Hampshire-Massachusetts State line, thence across the New Hampshire-Massachusetts State line to Haverhill, Mass., thence over Massachusetts Highway 110 to Lowell, Mass., and thence over U. S. Highway 3 to Boston, serving the intermediate and off-route points of Sanford, Springvale, North Berwick, and South Berwick, Maine, Rochester, and Manchester, N. H., and Lowell, Lawrence, Haverhill, Ayer, Hudson, Barre, and South Barre, Mass. Applicant is authorized to conduct operations in Massachusetts, New Hampshire, Maine, Connecticut, New York and Rhode Island.

No. MC 73604 Sub 3, filed June 27, 1955, GUST BARTZ, P O. Box 3045, Odessa, Tex. Applicant's attorney: John W Carlisle, 804 West Seventh, Fort Worth, Tex. For authority to operate as a *common carrier* over irregular routes, transporting: (1) *Machinery, equipment, materials,* and *supplies,* used in, or in connection with the discovery, development, production, refining, manufacture, processing, storage, transmission, and distribution of natural gas and petroleum and their products and by-products, and *machinery, materials, equipment,* and *supplies,* used in, or in connection with the construction, operation, repair, servicing, maintenance, and dismantling of pipe lines, including the stringing and picking up thereof, except truck pipe lines, between points in De Baca, Eddy, Curry, Quay, Chaves, Roosevelt, Otero, Lincoln, Harding, and Union Counties, N. Mex., and points in Oldham, Potter, Carson, Gray, Wheeler, Deaf Smith, Randall, Armstrong, Donley, Collingsworth, Parmer, Castro, Swisher, Briscoe, Hall, Childress, Bailey, Lamb, Hale, Floyd, Motley, Cottle, Cochran, Hockley, Lubbock, Crosby, Dickens, King, Yoakum, Terry, Lynn, Garza, Kent, Stonewall, Gaines, Dawson, Borden, Scurry, Fisher, Andrews, Martin, Howard, Mitchell, Nolan, Culberson, Loving, Winkler, Ector, Midland, Glasscock, Sterling, Coke, Reeves, Ward, Crane, Upton, and Reagan Counties, Tex., (2) *Welded steel storage and test tanks* for storing and testing of oil and storing of water, and *equipment* for the installation and operation thereof, including *batteries, separators* and *testers,* between points in Ector, Midland, and Howard Counties, Tex., and points in New Mexico; and (3) *heavy and cumbersome commodities* and *commodities,* which because of their size, weight, or shape require the use of special equipment for the loading, unloading and transportation thereof, between points in Lea County, N. Mex., and points in Oldham, Potter, Carson, Gray, Wheeler, Deaf Smith, Randall, Armstrong, Donley Collingsworth, Parmer, Castro, Swisher, Briscoe, Hall, Childress, Bailey, Lamb, Hale, Floyd, Motley, Cottle, Cochran, Hockley, Lubbock, Crosby, Dickens, King, Yoakum, Terry, Lynn, Garza, Kent, Stonewall, Gaines, Dawson, Borden, Scurry, Fisher, Andrews, Martin, Howard, Mitchell, Nolan, Culberson, Loving, Winkler, Ector, Midland, Glasscock, Sterling, Coke, Reeves, Ward, Crane, Upton, and Reagan Counties, Tex. Applicant is authorized to conduct operations in New Mexico and Texas.

No. MC 84565 Sub 5, filed May 26, 1955, LESLIE F HICKS, doing business as L. F HICKS TRUCKING CO., 180 Tompkins Street, Cortland, N. Y. For authority to operate as a *common carrier* over regular routes, transporting: *General commodities,* except those of unusual value, Class A and B explosives, household goods as defined by the Commission, commodities in bulk, and those requiring special equipment, between Cincinnatus and Homer, N. Y., and Cortland, N. Y., as follows: (1) from Cincinnatus over New York Highway 26 to Gee Brook, N. Y., thence over New York Highway 41 to Cortland, and (2) from Homer over U. S. Highway 11 to Cortland, and return over the above routes, serving no intermediate points. RESTRICTIONS: The service to be performed by the carrier shall be limited to service which is auxiliary to, or supplemental of, rail service of the Delaware, Lackawanna, and Western Railroad Company hereinafter called the Railway: carrier shall not render service from or to, or interchange traffic at, any point other than a station on the lines of the Railway; and shipments transported by said carrier shall be limited to those moving on a through bill of lading, covering in addition to movement by said carrier, a prior or subsequent movement by rail. Applicant is authorized to conduct operations in New York.

No. MC 85401 Sub 2, filed May 23, 1955, WILLIAM E. HESSELGRAVE, doing business as BELLINGHAM-SUMAS STAGES, R. F D. No. 1, Sumas, Wash.

Applicant's attorney: J. Stewart Black, 1322 Laburnum Street, Vancouver 9, British Columbia, Canada. For authority to operate as a *common carrier* over irregular routes, transporting: *Passengers and their baggage,* in the same vehicle with passengers, in round-trip charter operations, beginning and ending at points in Whatcom County, Wash., and extending to points in the United States, including the District of Columbia. Applicant is authorized to conduct regular route operations in Washington.

No. MC 87857 Sub 26, filed June 27, 1955, BRINK'S INCORPORATED, 234 East 24th Street, Chicago 16, Ill. For authority to operate as a *contract carrier* over irregular routes, transporting: *Currency* and *coin* for the Federal Reserve Bank of Cleveland, Cincinnati Branch, Cincinnati, Ohio, between Cincinnati, Ohio, and Georgetown, Lexington, Winchester, Paris, Cynthiana, and Falmouth, Ky. Applicant is authorized to conduct operations in Alabama, Connecticut, Delaware, Florida, Georgia, Illinois, Indiana, Iowa, Kansas, Kentucky, Maryland, Massachusetts, Michigan, Missouri, New Hampshire, New Jersey, New York, Ohio, Pennsylvania, Rhode Island, Tennessee, Virginia, West Virginia, and the District of Columbia.

No. MC 89697 Sub 17, filed June 27, 1955, KRAJACK TANK LINES, INC., 480 Westfield Ave., Roselle Park, N. J. Applicant's representative: Bert Collins, 140 Cedar St., New York 6, N. Y. For authority to operate as a *common carrier* over irregular routes, transporting: *Acids* and *chemicals,* in bulk, in tank vehicles, between points in Middlesex, Bergen, Essex, Hudson, and Union Counties, N. J., and the towns of Bound Brook and South Bound Brook, N. J., on the one hand, and, on the other, points in Somerset, Fayette, Greene, Washington, Westmoreland, Cambria, Indiana, Armstrong, Butler, Allegheny, Beaver, Jefferson, Clarion, Lawrence, Mercer, Venango, Forest, Warren, McKean, Crawford, Erie, Elk, and Bedford Counties, Penna. Applicant requests that any duplication in authority held with that sought herein be deleted from any grant of authority in this application. Applicant is authorized to conduct operations in New Jersey, New York, Rhode Island, Connecticut, Massachusetts, Pennsylvania, and Maryland.

No. MC 91910 Sub 10, WILLIAM O'DONELL, JR., 305 North Washington St., Elkhorn, Wis. Applicant's attorney: C. R. Dineen, 341 Empire Building, 710 N. Plankinton Ave., Milwaukee 3, Wis. For authority to operate as a *contract carrier* over irregular routes, transporting: *Poultry,* fresh, dressed and frozen, *poultry products,* processed and unprocessed, and *eggs,* from points in Walworth County, Wis. to points in Illinois on and north of U. S. Highway 6, including points in the Chicago, Ill., Commercial Zone, as defined by the Commission, and *empty containers or other such incidental facilities* (not specified) used in transporting the commodities specified in this application, on return movement.

No. MC 94265 Sub 44, filed June 28, 1955, BONNEY MOTOR EXPRESS, INC., P. O. Box 4057 Broad Creek Station, Military Highway, Norfolk, Va. Applicant's attorney: Harry C. Ames, Jr., Transportation Building, Washington 6, D. C. For authority to operate as a *common carrier,* over irregular routes, transporting: *Frozen foods,* from Chicago, Ill., to points in Virginia. NOTE: The applicant is not presently specifically authorized to transport frozen foods but is authorized, among other operations, to transport (1) fish in Virginia, Maryland, Pennsylvania, New Jersey, New York, North Carolina, and the District of Columbia, (2) meats, meat products, meat by-products, dairy products and articles distributed by meat packing houses in Iowa, Illinois, Minnesota, Nebraska, Virginia, Indiana, Wisconsin, North Carolina, Maryland, and the District of Columbia, (3) general commodities, with exceptions as specified, in Virginia and North Carolina, and (4) canned goods in Virginia, Delaware, Maryland, Pennsylvania, New Jersey, New York, Georgia, Florida, North Carolina, South Carolina, and the District of Columbia.

No. MC101126 Sub 30, filed May 17, 1955, (Amended) published page 3859 issue of June 2, 1955, STILLPASS TRANSIT COMPANY, INC., 4967 Spring Grove Ave., Cincinnati 32, Ohio. For authority to operate as a *contract carrier* over irregular routes, transporting: *Silica Gel Catalyst,* in bulk, in hopper vehicles, from Cincinnati, Ohio and Michigan City, Ind., on the one hand, and on the other, points in Illinois, Indiana, Michigan, Kentucky, and Ohio. Applicant is authorized to conduct operations in Kentucky and Ohio.

No. MC 103880 Sub 147, filed June 29, 1955, PRODUCERS TRANSPORT, INC., 530 Paw Paw Avenue, Benton Harbor, Mich. Applicant's attorney: Jack Goodman, 39 South La Salle Street, Chicago 3, Ill. For authority to operate as a *common carrier* over irregular routes, transporting: *Liquid latex,* synthetic and natural, *by-products of latex,* and *plasticizers,* in bulk, in tank vehicles, from Ashland, and Akron, Ohio to points in Illinois, Indiana, Michigan, Pennsylvania, New York, and Kentucky.

No. MC 103880 Sub 148, filed June 30, 1955, PRODUCERS TRANSPORT, INC., 530 Paw Paw Avenue, Benton Harbor, Mich. Applicant's attorney: Jack Goodman, 39 South La Salle Street, Chicago 3, Ill. For authority to operate as a *common carrier* over irregular routes, transporting: *Corn syrup,* unmixed (Glucose) in bulk, in tank vehicles, from Cleveland, Ohio, to points in New York, Pennsylvania, and West Virginia.

No. MC 103880 Sub 149, filed July 5, 1955, PRODUCERS TRANSPORT, INC., 530 Paw Paw Avenue, Benton Harbor, Mich. Applicant's attorney: Robert H. Levy, 39 South La Salle Street, Chicago 3, Ill. For authority to operate as a *common carrier,* over irregular routes, transporting: *Arresting compounds, process oil thinners, process oil dryers,* and *rust inhibitors,* in bulk, in tank vehicles, from Elyria, Ohio, to points in Indiana, Illinois, and Michigan; and *sealing binder* (tar base-bituminous) in bulk, in tank vehicles, from Elyria, Ohio to points in Illinois, Michigan, Indiana, Pennsylvania, Kentucky, New York, Rhode Island, Massachusetts, Virginia, and West Virginia.

No. MC 104973 Sub 1, (Amended May 20, 1955 and further amended June 30, 1955) EARLE M. GARDNER, Pine Plains, N. Y. Applicant's Attorney: William F. Leahey, 4 Liberty Street, Poughkeepsie, N. Y. For authority to operate as a *contract carrier* over irregular routes, transporting: *Fertilizer,* in bags and in bulk, from Carteret, N. J. to Pine Plains, N. Y. Applicant is authorized to conduct operations in New Jersey and New York.

No. MC 106373 Sub 19, filed June 21, 1955, THE SERVICE TRANSPORT CO., a corporation, 11910 Harvard Avenue, Cleveland, Ohio. Applicant's attorney: Herbert Baker, 50 West Broad Street, Columbus, Ohio. For authority to operate as a *common carrier,* transporting: *General commodities,* including *commodities in bulk,* but excluding liquid commodities in bulk, and except those of unusual value, Class A and B explosives, household goods as defined by the Commission, and those requiring special equipment, serving the site of the Ford Motor Plant, Sterling Township, Macomb County, Mich., approximately one mile north of the Detroit, Mich., Commercial Zone as defined by the Commission, as an off-route point in connection with regular route operations between Youngstown, Ohio and Detroit, Mich., over U. S. Highways 24 and 25. Applicant is authorized to conduct operations in Michigan, New York, Ohio, and Pennsylvania.

No. MC 108207 Sub 38 (amended) published on page 3202 of issue of May 11, 1955. FROZEN FOOD EXPRESS, a corporation, P. O. Box 5382, 318 Cadiz St., Dallas, Tex. Applicant's attorney: Leroy Hallman, First National Bank Building, Dallas 2, Tex. For authority to operate as a *common carrier* over irregular routes, transporting: (1) *meats, meat products,* and *meat by-products, dairy products,* and *articles distributed by meat packing houses,* as defined by the Commission, *bakery goods, frozen foods, yeast, salad dressing, fresh salads,* and *candy* and *confections,* between points in Texas, on the one hand, and, on the other, points in California, Arizona, and New Mexico, and (2) *nuts,* shelled, from points in Texas, to points in California, Arizona, and New Mexico. Applicant is authorized to conduct operations in Arkansas, California, Illinois, Indiana, Iowa, Kansas, Louisiana, Michigan, Mississippi, Missouri, Nebraska, Ohio, Oklahoma, Tennessee, Texas, and Wisconsin.

No. MC 108207 Sub 39, filed June 21, 1955, FROZEN FOOD EXPRESS, 318 Cadiz St., P. O. Box 5382, Dallas, Tex. Applicant's attorney: Leroy Hallman, First National Bank Bldg., Dallas 2, Tex. For authority to operate as a *common carrier* over irregular routes, transporting: *Frozen foods,* from points in Minnesota and Wisconsin to points in Texas, Louisiana, Arkansas, and Oklahoma; *meats, meat products,* and *meat by-products, dairy products,* and *articles distributed by meat-packing houses,* as defined by the Commission, from points in Wisconsin to points in Texas and

Louisiana. Applicant is authorized to conduct operations in Texas, Louisiana, Illinois, Michigan, Oklahoma, Missouri, Arkansas, Tennessee, Mississippi, California, Iowa, Kansas, and Nebraska.

No. MC 109385 Sub 14, filed June 24, 1955, SUBLER TRANSFER, INC., West Main Street, Versailles, Ohio. Applicant's attorney: Taylor C. Burneson, 3510 LeVeque-Lincoln Tower, Columbus 15, Ohio. For authority to operate as a *contract carrier*, over irregular routes, transporting: *Meats, meat products, meat by-products,* and *articles distributed by meat-packing houses* as defined by the Commission, in refrigerated equipment, from Troy Ohio to points in Connecticut, Delaware, Florida, Georgia, Massachusetts, Maryland, New Jersey, New York, Pennsylvania, Rhode Island, Virginia, West Virginia and the District of Columbia.

NOTE: Applicant states that to the extent that the applied-for authority duplicates applicant's present authority to transport meats, meat products, and meat by-products as contained in Permit MC 109385 Sub 11, it is understood that duplicate authority will not be granted, and no such authority is requested. Applicant is authorized to conduct operations in Connecticut, Delaware, Illinois, Indiana, Kentucky, Maryland, Massachusetts, Michigan, New Jersey, New York, Ohio, Pennsylvania, Rhode Island, Virginia and West Virginia.

No. MC 109796 Sub 1, filed June 27, 1955, A. J. ALTIZER and LEROY CURE, doing business as C. & A. TRUCKING CO., P O. Box 81, Sundance, Wyo. For authority to operate as a *common carrier*, over irregular routes, transporting: *Uranium ore,* and *vanadium ore,* in bulk, in truck load lots, from points in Crook County, Wyo., to Edgemont, S. Dak. Applicant does not presently hold any authority to transport the commodities specified in this application.

No. MC 110098 Sub 14 (amended) Published on page 3203 of issue of May 11, 1955. ZERO REFRIGERATED LINES, a corporation, P. O. Box 4064 Sta. "A", Room 201 Administrative Building, 1500 So. Zarzamara St., San Antonio 7, Tex. Applicant's attorney: Leroy Hallman, First National Bank Building, Dallas 2, Tex. For authority to operate as a *common carrier* over irregular routes, transporting: (1) *Meats, meat products,* and *meat by-products, dairy products,* and *articles distributed by meat-packing houses,* as defined by the Commission, *bakery goods, yeast, salad dressing, fresh salads,* and *candy* and *confections,* between points in Texas, on the one hand, and, on the other, points in California, Washington, Oregon, Arizona, and New Mexico, (2) *nuts,* shelled, from points in Texas, to points in California, Washington, Oregon, Arizona, and New Mexico, and (3) *frozen foods,* between points in Texas, on the one hand, and, on the other, points in New Mexico, Arizona, and California. Applicant is authorized to conduct operations in California, Iowa, Louisiana, Minnesota, Oregon, Texas, Washington, and Wisconsin.

No. MC 110190 Sub 26, filed June 27, 1955, PENN-DIXIE LINES, INC., P O. Box 42, 2000 South George St., York, Pa. Applicant's attorney: Christian V. Graf, 11 North Front St., Harrisburg, Pa. For authority to operate as a *common carrier* over irregular routes, transporting: *Frozen foods,* from points in the Philadelphia, Pa. Commercial Zone, as defined by the Commission, to points in Alabama, Georgia, Louisiana, Florida, Mississippi, North Carolina, South Carolina, Virginia, West Virginia, Ohio, Delaware, New York, Maryland, New Jersey, and the District of Columbia.

NOTE: Applicant does not presently hold any authority to transport the commodities specified in this application but does hold authority to transport (1) canned goods (a) from certain specifically named points in Maryland and Pennsylvania to points in Alabama, Georgia, and Florida, (b) from points in Florida to points in Pennsylvania excepting Philadelphia and points in a certain specifically named portion of Maryland, and (c) from Salem, N. J. to points in Alabama, and Florida, and (2) fruits, vegetables, and groceries from Baltimore, Md. to Stewartstown, Pa. and points within 15 miles thereof.

No. MC 112046 Sub 33, filed June 28, 1955, COLLETT TANK LINES, a corporation, 758 West 14th North St., Salt Lake City, Utah. For authority to operate as a *common carrier* over irregular routes, transporting: (1) *acids, chemicals, liquid fertilizers,* and *fertilizer solutions,* in bulk, in tank vehicles, from points in California, Colorado, Idaho, Montana, Nevada, Oregon, Utah, and Washington, to points in Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming, and (2) *damaged shipments* of above-specified commodities from points in above-specified destination territory, to above specified points of origin. Applicant is authorized to conduct regular route operations in Colorado, Idaho, Montana, Nevada, Utah, and Wyoming, and irregular routes operations in Colorado, Idaho, Nevada, New Mexico, Montana, Oregon, Utah, and Wyoming.

No. MC 115145 Sub 1, filed June 23, 1955, CORABEL C. HANNAS, 90 Marsham Street, Romney, W Va. Applicant's attorney: Ralph W Haines, Romney, W Va. For authority to operate as a *contract carrier,* over irregular routes, transporting: *Pressure treated forest products* (requiring the use of tractors and trailers especially adapted to perform this service) from Green Spring, W Va., to points in Allegany Frederick, Garrett, and Washington Counties, Md., points in Adams, Bedford, Fulton, Franklin, Somerset, and York Counties, Pa., and those in Augusta, Bath, Clarke, Frederick, Highland, Loudoun, Page, Rockingham, Shenandoah, and Warren Counties, Va., and *empty tractors and trailers* used in transporting the above-specified commodities on return.

No. MC 115395, filed June 10, 1955, published in the June 29, 1955, issue, page 4608, amended June 29, 1955, INTERSTATE TRUCK BROKERS, INC., Wabash Avenue and U. S. 92, Lakeland, Fla. Applicant's attorney: D. B. Kibler, III, Deen-Bryant Building, P O. Box 1241, Lakeland, Fla. For authority to operate as a *contract carrier* over regular routes, transporting: *Salt,* (sodium chloride) in blocks, sacks, bales and cases, from the Plant of Gulf Salt Co., in Houston, Tex., to Jacksonville, Lakeland, Tampa and Miami, Fla., (1) from Houston over U. S. Highway 90 to Tallahassee, Fla., (also from Houston over U. S. Highway 90 to junction U. S. Highway 165, thence over U. S. Highway 165 to Kinder, La., thence over U. S. Highway 190 to junction U. S. Highway 90 east of Slidell, La., thence over U. S. Highway 90 to Tallahassee, Fla.), thence over U. S. Highway 90 to Jacksonville, (2) from Houston to Tallahassee, Fla., as specified in (1) above, thence over U. S. Highway 27 to Perry, Fla., thence over U. S. Highway 98 through Brooksville, Fla., to Lakeland, (3) from Houston to Brooksville, Fla., as specified in (2) above, thence over U. S. Highway 41 to Tampa, and (4) from Houston to Brooksville, Fla., as specified in (2) above, thence over U. S. Highway 41 through Tampa, Fla., to Miami, serving no intermediate points on the above-specified routes.

No. MC 115412, filed June 16, 1955, ALBERT VIGNA, doing business as VIGNA SEAFOOD TRANSPORT, Scriven and First Streets, Darien, Ga. Applicant's attorney: Dan R. Schwartz, Professional Bldg., Jacksonville 2, Fla. For authority to operate as a *contract carrier* over irregular routes, transporting: *Seafoods,* fresh or processed in packages or loose, between points on the Island of St. Simons, Ga., on the one hand, and, on the other, points in the United States.

No. MC 115426, filed June 24, 1955, THOMAS STAMULIS and ANTONIO STAMULIS, a Partnership, doing business as STAMULIS BROS., 7 Saville Street, Saugus, Mass. For authority to operate as a common carrier, over irregular routes, transporting: *Dressed poultry* and *equipment and supplies* used in, or in connection with, the operation of poultry processing plants, and *fish sticks,* between Augusta and Portland, Maine, on the one hand, and, on the other, points in Massachusetts, New Hampshire, Rhode Island, Connecticut, New York, New Jersey and Pennsylvania.

No. MC 115427, filed June 24, 1955, HARRY ELDRIDGE, doing business as ELDRIDGE DRAYAGE, 429 So. 11th Street, East St. Louis, Ill. Applicant's attorney: Ernest A. Brooks II, 1310 Ambassador Building, St. Louis 1, Mo. For authority to operate as a *contract carrier* over irregular routes, transporting: *Malt beverages* and *empty malt beverage containers,* in truckload lots, between Belleville, Ill., on the one hand, and, on the other, St. Louis, Mo.

NOTE: Applicant has common carrier, irregular route authority under Certificate No. MC 14581, dated June 26, 1942—Section 210 may be involved.

No. MC 115430, filed June 27, 1955, EARL GOBEL, doing business as GOBEL FREIGHT LINES, 823 Buena Avenue, Chicago, Ill. Applicant's attorney: Joseph M. Scanlan, 111 West Washington Street, Chicago 2, Ill. For authority to operate as a *contract carrier* over irregular routes, transporting: *Malt beverages* and *cereal beverages,* and *advertising matter* and *premiums* when shipped in conjunction with malt bev-

erages and cereal beverages, and *empty containers or other such incidental facilities* (not specified) used in transporting the commodities specified, between LaCrosse, Wis. and Chicago, Ill.

No. MC 115433, filed June 27, 1955, G. M. HINTON, doing business as TILINE, 324 North 16th Avenue, Phoenix, Ariz. For authority to operate as a *contract carrier* over irregular routes, transporting: *Floor tiles, carpeting, carpet padding,* and *all accoutrements, accessories, outfits* and *parts* therefor, from points in the Los Angeles Commercial Zone and the Los Angeles Harbor Commercial Zone, as defined by the Commission, to points in Arizona.

No. MC 115435, filed June 28, 1955, JOHN MIELE and CARMINE MIELE, doing business as MIELE BROS. TRUCKING CO., Meadows Yard, P R. R., Newark Turnpike, Kearny, N. J. Applicant's attorney: J. Almyk Lieberman, 1776 Broadway, New York 19, N. Y. For authority to operate as a *common carrier* over irregular routes, transporting: *Refrigerators; ranges; radios, televisions, phonographs, combinations* thereof, and *parts* thereof; *air conditioners,* and *air humidifiers; washing machines, drying machines,* and *combinations* thereof; *electrical appliances; sinks,* and *cabinets;* and *lawn mowers;* between Newark, and Kearny, N. J., on the one hand, and, on the other, points in Rockland, Orange, and Dutchess Counties, N. Y. RESTRICTION: Service to be restricted to transportation of shipments originating at or destined to carrier's warehouses and terminals at Newark, and Kearny, N. J. Applicant does not presently hold any authority from this Commission.

APPLICATIONS OF MOTOR CARRIERS OF PASSENGERS

No. MC 59013 Sub 16, filed July 1, 1955, CROWN COACH COMPANY, 219 W. Second St., Joplin, Mo. Applicant's attorney: L. M. Crouch, Jr., Citizens National Bank Bldg., Harrisonville, Mo. For authority to operate as a *common carrier* over a regular route, transporting: *Passengers* and their *baggage,* and *express, mail,* and *newspapers* in the same vehicle with passengers, between the junction of U. S. Highway 65 and Missouri Highway 52 and Warsaw, Mo., from the junction over U. S. Highway 65 to its junction with Missouri Highway 35 at or near Warsaw, Mo. serving no intermediate points.

NOTE: Application is directly related to MC–F–6012 published under Section 5 applications this issue. Applicant is authorized to conduct operations in Arkansas, Missouri, and Texas.

No. MC 84690 Sub 17, filed May 23, 1955, NORTHERN PACIFIC TRANSPORT COMPANY, a corporation, 176 East Fifth Street, St. Paul 1, Minn. Applicant's attorney: Frank S. Farrell, 176 East Fifth St., St. Paul 1, Minn. For authority to operate as a *common carrier* over regular routes, transporting: *Passengers and their baggage,* and *express* and *newspapers* in the same vehicle with passengers, (1) between Fargo, N. Dak., and Marion, N. Dak., from Fargo over U. S. Highway 10 to junction unnumbered highway approximately 11 miles west of junction North Dakota Highway 18, thence over unnumbered highway to Embden, N. Dak., thence over unnumbered highways to Alice, N. Dak., thence over unnumbered highway to Lucca, N. Dak., thence over unnumbered highway to junction North Dakota Highway 32, thence over North Dakota Highway 32 to Nome, N. Dak., thence over unnumbered highway to Eastedge, N. Dak. (also from Nome over North Dakota Highway 32 to junction North Dakota Highway 46, thence over North Dakota Highway 46 to junction unnumbered highway south of Eastedge, N. Dak., thence over unnumbered highway to Eastedge, N. Dak.), thence over unnumbered highway to Kathryn, N. Dak. (also from Eastedge, N. Dak., over unnumbered highway to North Dakota Highway 46, thence over North Dakota Highway 46 to junction unnumbered highway south of Kathryn, N. Dak., thence over unnumbered highway to Kathryn, N. Dak.) thence over unnumbered highway to Hastings, N. Dak., (also from Kathryn, N. Dak., over unnumbered highway to junction North Dakota Highway 46, thence over North Dakota Highway 46 to junction North Dakota Highway 1, thence over North Dakota Highway 1 to Hastings, N. Dak.) thence over unnumbered highway to Litchville, N. Dak., (also from Hastings, N. Dak., over North Dakota Highway 1 to junction North Dakota Highway 46, thence over North Dakota Highway 46 to junction unnumbered highway south of Litchville, N. Dak., thence over unnumbered highway to Litchville, N. Dak.) thence over unnumbered highway to junction North Dakota Highway 46, thence over North Dakota Highway 46 to junction unnumbered highway north of Marion, N. Dak., thence over unnumbered highway to Marion, and return over the same route, serving all intermediate points. (2) Between Carrington, N. Dak., and Turtle Lake, N. Dak., from Carrington over U. S. Highway 52 to junction unnumbered highway, thence over unnumbered highway to Heaton, N. Dak., and return to junction U. S. Highway 52, thence over U. S. Highway 52 to junction North Dakota Highway 7, thence over North Dakota Highway 7 to junction North Dakota Highway 41, thence over North Dakota Highway 41 to Turtle Lake, and return over the same route, serving all intermediate points. (3) Between Carrington, N. Dak., and Esmond, N. Dak., from Carrington over U. S. Highway 281 to junction unnumbered highway, thence over unnumbered highway to Guptill, N. Dak., and return to junction U. S. Highway 281, thence over U. S. Highway 281 to junction unnumbered highway, thence over unnumbered highway to Barlow, N. Dak., and return to junction U. S. Highway 281, thence over U. S. Highway 281 to junction unnumbered highway approximately six miles north of Sheyenne, N. Dak., thence over unnumbered highways to Oberon, Josephine and Flora, N. Dak., thence over unnumbered highways to junction North Dakota Highway 30, thence over North Dakota Highway 30 to Maddock, N. Dak., thence over unnumbered highways to Esmond (also from Maddock over unnumbered highway and North Dakota Highway 19 to Esmond) (also from Maddock over unnumbered highway through Hesper, N. Dak., to Esmond) and return over the same route, serving all intermediate points. (4) Between Valley City, N. Dak. and McHenry, N. Dak., from Valley City over U. S. Highway 10 to Sanborn, N. Dak., thence over North Dakota Highway 1 to junction North Dakota Highway 7, thence over North Dakota Highway 7 to Cooperstown, N. Dak., thence over North Dakota Highway 45 to junction North Dakota Highway 65, thence over North Dakota Highway 65 to Binford, N. Dak., thence over unnumbered highway to McHenry, N. Dak., and return over the same route, serving all intermediate points. Applicant is authorized to conduct operations in Idaho, Montana, Washington and Wyoming.

APPLICATIONS FOR BROKERAGE LICENSES

No. MC 12628, filed June 7, 1955, ROBERT GUYER AVERILL, doing business as DANMARKSHAVN, 14 The Green, Woodstock, Vt. For a License (BMC 4) authorizing operations as a *broker* at Woodstock, Vt., in arranging for the transportation by motor vehicle, in interstate or foreign commerce, of *household goods* as defined by the Commission (1) between points in Vermont, (2) between points in Vermont, on the one hand, and, on the other, points in the United States, including the District of Columbia, (3) between all points in the United States, and (4) between points in the United States, on the one hand, and, on the other, ports of entry on the International Boundary Line between the United States and Canada, and the International Boundary Line between the United States and Mexico.

No. MC 12629, filed June 14, 1955, ROBERT GUYER AVERILL, doing business as DANMARKSHAVN, 14 The Green, Woodstock, Vt. For a License (BMC 5) authorizing operations as a *broker* at Woodstock, Vt., in arranging for transportation by motor vehicle, in interstate or foreign commerce, of *passengers and their baggage,* in the same vehicle with passengers, in round-trip charter tours, (1) between points in Vermont, (2) between points in Vermont, on the one hand, and, on the other, points in the United States and the District of Columbia, and (3) between all points in the United States, and (4) between points in the United States on the one hand, and, on the other, ports of entry on the International Boundary Line between the United States and Canada and the International Boundary Line between the United States and Mexico.

APPLICATIONS UNDER SECTION 5 AND 210a (b)

No. MC–F 6012. Authority sought for purchase by CROWN COACH COMPANY, 219 West Second Street, Joplin, Mo., of a portion of the operating rights of SEDALIA-MARSHALL-BOONVILLE STAGE LINES, INC., Building 84 Thayer St., Fort Des Moines, Iowa, and for acquisition by CHARLES L. BROWN and CLAUDE E. BROWN of control of said operating rights through the purchase. Applicants' attorney: L. M. Crouch, Jr.,

Citizens National Bank Bldg., Harrisonville, Mo. Operating rights sought to be transferred: Passengers, as a *common carrier* over a regular route, between junction U. S. Highway 65 and Missouri Highway 52 and Clinton, Mo., over Missouri Highway 52, serving all intermediate points. Vendee is authorized to operate in Missouri, Arkansas, and Texas. Application has not been filed for temporary authority under section 210a (b)

NOTE: Instant application directly related to BMC 78 application Docket No. MC 59013 Sub 16 published under Passenger applications this issue.

No. MC–F 6014. Authority sought for control by M. J. BAGGETT, 624 Penn Avenue, N. E., Atlanta, Ga., of the operating rights and property of WALKER HAULING CO., INC., 624 Penn Avenue, N. E., Atlanta, Ga. Applicant's attorney: R. J. Reynolds, Jr., 1403 C & S Bank Building, Atlanta 3, Ga. Operating rights sought to be controlled: *Liquid petroleum products,* in bulk, in tank vehicles, as a *common carrier* over irregular routes, from terminals of Southeastern Pipe Line Company in Georgia, except Albany, Ga., to points in Georgia and Tennessee within 125 miles of origin, from terminal of such company at Albany to points in Georgia and Tennessee within 115 miles thereof, from Albany, Chattahoochee, Berwin, Lookout Mountain, Meyer and Bremen, Ga., and Tyner, Tenn., and points within 10 miles of each, and Chattanooga, Tenn., to points in Alabama within 125 miles of each shipping point, from Savannah, Ga., and points within 10 miles thereof, to Langdale, Lanett, Phenix City, Lafayette, Shawmut, and Fairfax, Ala., and from Foster, Ga., and points within 10 miles thereof to Phenix City, Ala. Applicant is not a motor carrier, but is in control of Gasoline Transport, Inc., which is authorized to operate in Tennessee and Georgia. Application has not been filed for temporary authority under section 210a (b)

MC–F 6031. Authority sought for purchase by JONES TRUCK LINES, INC., East Emma Avenue, Springdale, Ark., of a portion of the operating rights of YELLOW TRANSIT FREIGHT LINES, INC., 18 E. 17th St., Kansas City, Mo., and for acquisition by HARVEY JONES, Springfield, Ark., of control of said operating rights through the purchase. Applicants' attorneys: Lee Reeder or W E. Griffin, 1012 Baltimore Ave., Kansas City 5, Mo., and Kenneth E. Midgley, 906 Commerce Building, Kansas City, Mo. Operating rights sought to be transferred: *General commodities,* with the usual exceptions, as a *common carrier* over regular routes, between Wichita and Winfield, Kans., and between Ponca City and Tulsa, Okla., *general commodities,* except Class A and B explosives and commodities in bulk, between Winfield, Kans., and Ponca City, Okla., serving the intermediate point of Arkansas City, Kans., without restriction, service to all other intermediate points being restricted against transportation of livestock, *general commodities,* except Class A and B explosives, livestock, and commodities in bulk, between Ft. Scott and Wichita, Kans., and between Wellington and Winfield, Kans., serving all intermediate points and off-route points within five miles of Wichita, *Class A and B explosives,* (1) between Winfield, Kans., and Ponca City, Okla., serving all intermediate points, (2) between Ft. Scott and Wichita, Kans., and between Wellington and Winfield, Kans., serving all intermediate points within five miles of Wichita, Kans., and (3) between Wichita and Winfield, Kans., and between Ponca City and Tulsa, Okla. Vendee is authorized to operate in Missouri, Arkansas, Oklahoma, Kansas and Tennessee. Application has not been filed for temporary authority under section 210a (b)

MC–F 6051. Authority sought for purchase by MIDDLEWEST FREIGHTWAYS, INC., 503 South Theresa Avenue, St. Louis 3, Mo., of the operating rights of R. F WALLACE, GENEVIEVE WALLACE, HEIR-AT-LAW doing business as TERMINAL TRANSPORTATION COMPANY, 1407 St. Louis Avenue, Kansas City, Mo., and for acquisition by ELMER MAURER, St. Louis, Mo. of control of the operating rights through the purchase. Applicants' attorneys: Lee Reeder or Wentworth E. Griffin, 1012 Baltimore Ave., Kansas City 5, Mo., and Reed O. Gentry, 904 Bryant Building, Kansas City 6, Mo. Operating rights to be transferred: *General commodities,* with the usual exceptions, including household goods, as a *common carrier* over irregular routes, between points in Kansas City and North Kansas City, Mo., Kansas City, Kans., and those within 15 miles of the points named. Vendee is authorized to operate in Missouri, Kansas, Kentucky, Indiana, Illinois, and Oklahoma. Application has been filed for temporary authority under section 210a (b)

[SEAL] HAROLD D. McCOY,
Secretary.

[F. R. Doc. 55–5613; Filed, July 12, 1955; 8:48 a. m.]

FOURTH SECTION APPLICATIONS FOR RELIEF

JULY 7, 1955.

Protests to the granting of an application must be prepared in accordance with Rule 40 of the general rules of practice (49 CFR 1.40) and filed within 15 days from the date of publication of this notice in the FEDERAL REGISTER.

LONG-AND-SHORT-HAUL

FSA No. 30824. Crude rubber—Boston, Mass., to Dalton, Ga. Filed jointly by C. W Boin and O. E. Swenson, Agents, for interested rail carriers. Rates on latex (liquid crude rubber) carloads, including tank-car loads, from Boston, Mass., to Dalton, Ga.

Grounds for relief: Short-line distance formula and circuity.

Supplement 54 to Agent Swenson's I. C. C. No. 610.

FSA No. 30825: Commodities from or to points in the Southwest. Filed by F C. Kratzmeir, Agent, for interested rail carriers. Rates on various commodities, in carloads, from, or to specified points in southwestern states to or from specified points in other territories, including southern, official, and western trunkline territories.

Grounds for relief: Circuitous routes.

FSA No. 30826: Petroleum products—Western points to W T. L. territory. Filed jointly by the Chicago, Milwaukee, St. Paul & Pacific Railroad Company, Great Northern Railway Company, Minneapolis, St. Paul & Sault Ste. Marie Railroad Company, and Northern Pacific Railway Company, for themselves and other interested rail carriers. Rates on gasoline except natural including blended gasoline, naphtha petroleum cyclohexlane, refined oil and distillate fuel oil, carloads, from specified points at which refineries, pipe line and marine terminals exist to specified destinations in Minnesota, North Dakota, South Dakota, and Wisconsin.

Grounds for relief: Motor-truck competition and circuity.

Tariffs: Supplement No. 7 to C. M. St. P & P RR I. C. C. No. B–7750 and five other tariffs.

FSA No. 30828: Iron and steel articles—Official and W T. L. territories to Kansas. Filed by W. J. Prueter, Agent, for interested rail carriers. Rates on iron and steel articles, carloads, from origins in official and western trunk-line territories to all destinations in Kansas except Kansas City and points in the Kansas City switching district.

Grounds for relief: Short-line distance formula and circuity and maintenance of higher levels of rates from intermediate points in southern and southwestern territories.

Tariff: Agent W J. Prueter's I. C. C. A–4106 Supplement 6 to Agent Hinsch's I. C. C. 4650.

FSA No. 30829: Cement—Illinois, Iowa, and Missouri to Indiana and Michigan. Filed by H. R. Hinsch, Agent, for interested rail carriers. Rates on cement, common, hydraulic, masonry, mortar, natural or portland, carloads, from specified points in Illinois, Iowa, and Missouri to specified destinations in Indiana and Michigan.

Grounds for relief: Modified short-line distance formula, potential truck competition, and circuity.

Tariff: Supplement 29 to Agent Hinsch's I. C. C. 4225.

FSA No. 30830: Chimney parts—Buda, Ill., to official territory. Filed jointly by H. R. Hinsch and W J. Prueter, Agents, for interested rail carriers. Rates on chimney parts, made of tile, concrete and cement asbestos, carloads, from Buda, Ill., to specified points in central, trunk-line and New England territories.

Grounds for relief: Short-line distance formula and circuity.

Tariffs: Supplement 125 to Agent Hinsch's I. C. C. No. 4542 Supplement 122 to Agent Prueter's I. C. C. No. A–3723.

FSA No. 30831. Merchandise—Cleveland, Ohio to Birmingham, Ala. Filed by H. R. Hinsch, Agent, for interested rail carriers. Rates on merchandise, viz.. freight, all kinds, in mixed carloads, from Cleveland, Ohio to Birmingham, Ala.

Grounds for relief: Short-line distance formula, motor-truck competition and circuity.

Tariff. Supplement 6 to Agent Hinsch's I. C. C. 4619.

FSA No. 30832: Vermiculite—Travelers Rest and Kearney, S. C. to the Southwest. Filed by F. C. Kratzmeir, Agent, for interested rail carriers. Rates on vermiculite, broken, crushed or ground, dried or not dried, not expanded, carloads, from Travelers Rest and Kearney, S. C., to specified points in Arkansas, New Mexico, Oklahoma, and Texas.

Grounds for relief: Short-line distance formula and circuity.

Tariffs: Supplement 108 to Agent Kratzmeir's I. C. C. 4090 and three other tariffs.

FSA No. 30833: Ammonium nitrate—Yazoo City, Miss., to Alabama. Filed by R. E. Boyle, Jr., Agent, for interested rail carriers. Rates on ammonium nitrate, in packages, carloads, from Yazoo City, Miss., to points in Alabama.

Grounds for relief: Short-line distance formula, truck competition, and circuity.

Tariff: Supplement 97 to Agent C. A. Spaninger's I. C. C. 1221.

FSA No. 30834. Grain—Arnoldsville, Ga., to Mobile, Ala., and New Orleans, La. Filed by R. E. Boyle, Jr., Agent, for interested rail carriers. Rates on grain, viz.. barley, corn, oats, rye, soybeans, or wheat, in bulk, carloads, from Arnoldsville, Ga., to Mobile, Ala., and New Orleans, La., for export.

Grounds for relief: Circuitous routes.

Tariff Supplement 92 to Agent C. A. Spaninger's I. C. C. 1325.

AGGREGATE-OF-INTERMEDIATES

FSA No. 30823: Petroleum and products—Alford and Wrenshall, Minn., to Minnesota. Filed by P. A. Walsh, Agent, for interested rail carriers. Rates on gasoline except natural, including blended gasoline, naptha, refined oil illuminating or burning, and distillate fuel oil not suitable for illuminating, tank-car loads, from Alford and Wrenshall, Minn., to specified points in Minnesota.

Grounds for relief: Maintenance of existing through one-factor rates from Tulsa, Okla., Casper, Wyo., and Chicago, Ill., without regard to rates from Alford and Wrenshall, Minn., as factors in constructing combination rates.

Tariff: Supplement 3 to Agent Walsh's I. C. C. No. 1.

FSA No. 30827· Petroleum Products—Minnesota and Wisconsin to W T. L. Points. Filed jointly by Canadian National Railways Duluth, Winnipeg & Pacific Railway Company, Great Northern Railway Company, Minneapolis, St. Paul & Sault Ste. Marie Railroad Company, and Northern Pacific Railway Company, for themselves and interested rail carriers. Rates on gasoline except natural including blended gasoline, naphtha, petroleum cyclohexlane, refined oil and distillate fuel oil, carloads, from Alford, Duluth, and Wrenshall, Minn., and Superior, Wis., to specified points in Minnesota, North Dakota, South Dakota, and Wisconsin.

Grounds for relief: Maintenance of present through one-factor rates from Tulsa, Okla., Casper, Wyo., and Chicago, Ill., without observing proposed rates as factors in constructing lower combination rates.

Tariffs: Supplement 10 to Canadian National Railways I. C. C. No. W. 658 and four other tariffs.

By the Commission.

[SEAL] HAROLD D. McCOY, *Secretary.*

[F. R. Doc. 55-5561; Filed, July 11, 1955; 8:47 a. m.]

[No. 31798]

CANADIAN NATIONAL RAILWAY CO. ET AL.

MINNESOTA INTRASTATE FREIGHT RATES AND CHARGES; CORRECTED ORDER

At a session of the Interstate Commerce Commission, Division 1, held at its office in Washington, D. C., on the 30th day of June A. D. 1955.

It appearing, that a petition, dated May 3, 1955, has been filed on behalf of the Canadian National Railway Company and other common carriers by railroad operating to, from and between points in the State of Minnesota, in interstate and intrastate commerce, averring that in Ex Parte No. 175, Increased Freight Rates, 1951, 280 I. C. C. 179, 281 I. C. C. 557, 284 I. C. C. 589, and 289, I. C. C. 395, the Commission authorized carriers subject to the Interstate Commerce Act, parties thereto, to make certain increases in their freight rates and charges, including switching charges, for interstate application throughout the United States; and that increases under such authorizations have been made;

It further appearing, that the petitioners allege that the Minnesota Railroad and Warehouse Commission, by various orders, has refused to authorize or permit them fully to increase their switching charges on intrastate traffic and to apply to the transportation of the following commodities, moving intrastate by railroad in Minnesota, increases in freight rates and charges thereon, corresponding to those approved for interstate application in the proceeding above cited:

Livestock (cattle, hogs and sheep).
Coal—Anthracite and bituminous.
Coke.
Granite, rough quarried.
Sugar beets.
Pulpwood.
Jack-pine and aspen timber.
Roofing products.
Crushed rock.
Agricultural limestone.
Wood bolts and short logs.

It further appearing, that the petitioners allege that such refusal causes and results in undue and unreasonable advantage, preference, and prejudice as between persons and localities in intrastate commerce, on the one hand, and in interstate commerce, on the other hand, and in undue, unreasonable and unjust discrimination against interstate commerce in violation of section 13 of the Interstate Commerce Act;

And it further appearing, that there have been brought in issue by the said petition rates and charges, including switching charges, made or imposed by authority of the State of Minnesota; and that the Minnesota Railroad and Warehouse Commission on May 23, 1955, answered the petition by letter which has been considered:

It is ordered, That in response to the said petition, an investigation be, and it is hereby, instituted, and that a hearing be held therein for the purpose of receiving evidence from the respondents hereinafter designated and any other persons interested to determine whether the said rates and charges, including switching charges, of the common carriers by railroad, or any of them, operating in the State of Minnesota for the intrastate transportation of property, made or imposed by authority of the State of Minnesota, cause or will cause, by reason of the failure of such rates and charges, including switching charges, to include increases corresponding to those permitted by this Commission for interstate traffic in the proceeding cited above, any undue, or unreasonable advantage, preference, or prejudice, as between persons or localities in intrastate commerce, on the one hand, and, in interstate or foreign commerce, on the other hand, or any undue, unreasonable, or unjust discrimination against interstate or foreign commerce; and to determine what rates and charges, including switching charges, if any, or what maximum, or minimum, or maximum and minimum, rates and charges shall be prescribed to remove the unlawful advantage, preference, prejudice or discrimination, if any, that may be found to exist;

It is further ordered, That all common carriers by railroad operating within the State of Minnesota which are subject to the jurisdiction of this Commission be, and they are hereby, made respondents to this proceeding; that a copy of this order be served upon each of the said respondents; and that the State of Minnesota be notified of the proceeding by sending copies of this order and of said petition by registered mail to the Governor of the said State and to the Minnesota Railroad and Warehouse Commission at St. Paul, Minn.,

It is further ordered, That notice of this proceeding be given to the public by depositing a copy of this order in the office of the Secretary of the Commission at Washington, D. C., for public inspection, and by filing a copy with the Director, Division of the Federal Register, Washington, D. C.,

And it is further ordered, That this proceeding be assigned for hearing at such time and place as the Commission may hereafter designate.

By the Commission, Division 1.

[SEAL] HAROLD D. McCOY, *Secretary.*

[F. R. Doc. 55-5614; Filed, July 12, 1955; 8:48 a. m.]

FOURTH-SECTION APPLICATIONS FOR RELIEF

JULY 8, 1955.

Protests to the granting of an application must be prepared in accordance with Rule 40 of the general rules of practice (49 CFR 1.40) and filed within

15 days from the date of publication of this notice in the FEDERAL REGISTER.

LONG-AND-SHORT-HAUL

FSA No. 30835: Crude rubber—Louisiana and Texas to Sandusky, Ohio. Filed by F C. Kratzmeir, Agent, for interested rail carriers. Rates on rubber, crude, artificial, synthetic or neoprene, loose or in packages, in straight or mixed carloads, from Lake Charles and West Lake Charles, La., Baytown, Borger, Houston, and Port Neches, Tex., to Sandusky, Ohio.

Grounds for relief: Short-line distance formula and circuity.

Tariffs: Supplement 88 to Agent Kratzmeir's I. C. C. 4087 supplement 65 to Agent Kratzmeir's I. C. C. 4139.

FSA No. 30836: Merchandise—Cleveland, Ohio, to Gadsden, Ala., and Savannah, Ga. Filed by H. R. Hinsch, Agent, for interested rail carriers. Rates on merchandise, viz.. freight all kinds, in straight or mixed carloads, from Cleveland, Ohio to Gadsden, Ala., and Savannah, Ga.

Grounds for relief: Short-line distance formula, truck competition, and circuity.

Tariff: Supplement 8 to Agent Hinsch's I. C. C. 4619.

FSA No. 30837: Merchandise—St. Louis, Mo. group to Laurel, Miss. Filed by F C. Kratzmeir, Agent, for interested rail carriers. Rates on merchandise, viz.. all freight, in mixed carloads, from St. Louis, Mo., and East St. Louis, Ill., to Laurel, Miss.

Grounds for relief: Circuitous routes in part west of the Mississippi River.

FSA No. 30838: Grain and products—from Council Bluffs, Iowa, Omaha and South Omaha, Nebr. Filed by W J. Prueter, Agent, for interested rail carriers. Rates on grain, grain products, seeds and related articles, carloads, from Council Bluffs, Iowa, Omaha and South Omaha, Nebr., to Chicago, Ill., Milwaukee, Wis., and specified points in Missouri on the Wabash Railroad Company.

Grounds for relief: Circuitous routes.

Tariff: Supplement 78 to Agent Prueter's I. C. C. A–3866.

FSA No. 30839: Woodpulp—Foley, Fla., to western trunk line territory. Filed by R. E. Boyle, Jr., Agent, for interested rail carriers. Rates on woodpulp, not powdered, noibn, carloads, from Foley, Fla., to Fond du Lac and Oshkosh, Wis.

Grounds for relief: Circuitous competing routes.

Tariff: Supplement 94 to Agent Spaninger's I. C. C. 1260.

FSA No. 30840: Scrap or waste paper—Calhoun, Tenn., to Kalamazoo, Mich. Filed by R. E. Boyle, Jr., Agent, for interested rail carriers. Rates on scrap or waste paper (other than excelsior paper) not sensitized, straight or mixed carloads, from Calhoun, Tenn., to Kalamazoo, Mich.

Grounds for relief. Circuitous competing routes.

Tariff: Supplement 25 to Agent C. A. Spaninger's I. C. C. 1377.

By the Commission.

[SEAL] HAROLD D. McCOY,
Secretary.

[F. R. Doc. 55-5612; Filed, July 12, 1955; 8:47 a. m.]